

STATE OF WASHINGTON

HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way • PO Box 43430 • Olympia, Washington 98504-3430 • (360) 753-7800 • TDD (360) 753-7809

REVISED BOARD MEETING AGENDA

John A. Cherberg (JAC) Building, Senate Hearing Room 1 Capitol Campus, Olympia October 28-29, 2002

Approximate Times Tab

OCTOBER 28: JOHN. A. CHERBERG BUILDING, SHR1

- 3:00 p.m. HECB WORK/STUDY SESSION: Master Plan/Higher Education
 Funding and 2003-05 Operating & Capital Budget Recommendations
 - Fiscal Committee Report / Policy Committee Report 2
 - o Proposed Operating Budget Recommendations

Committee/staff briefing and board discussion

o Proposed Capital Budget Recommendations

Committee/staff briefing and board discussion

- Public Comment
- 7:00 p.m. Board Dinner (Peninsula Room, Westcoast Hotels)
 No official business will be conducted.

OCTOBER 29: JOHN. A. CHERBERG BUILDING, SHR1

8:00 a.m. Board Continental Breakfast and Review of Meeting Agenda (Conf. Rooms B&C)
No official business will be conducted.

8:30 a.m. Welcome and Introductions

• Bob Craves, HECB Chair

CONSENT AGENDA ITEMS

Adoption of September 2002 HECB Meeting Minutes

8:45 a.m. FISCAL COMMITTEE REPORT / POLICY COMMITTEE REPORT

Adoption of 2003-05 Operating & Capital Budget Recommendations

• Public	c Comment	
9:30 a.m. • HECE	(Resolution 02-30 2003 HECB Legislative Session Overview 3 staff briefing	5
9:45 a.m.	Fall Enrollments • HECB staff briefing	
10:00 a.m.	Community Scholarship Matching Grants – Rules Change • HECB staff briefing	6
10:15 a.m.	Break	
10:30 a.m. • Rep. H	Tuition and Financial Aid Study House Higher Education Committee Phyllis Gutierrez Kenney, Chair	7
11:15 a.m.	FINANCIAL AID COMMITTEE REPORT	
• Previo	ew of Promise Scholarship Evaluation	8
12:00 noon	POLICY COMMITTEE REPORT	
	view of Policies & Practices Affecting Student Residency Status c Comment	9
12:45 p.m.	DIRECTOR'S REPORT	4
	PUBLIC COMMENT	
1:00 p.m.	ADJOURNMENT	

Board Lunch (Conference Rooms B & C) No official business will be conducted.

If you are a person with disability and require an accommodation for attendance, or need this agenda in an alternative format, please call the HECB at (360) 753-7800 as soon as possible to allow sufficient time to make arrangements. We also can be reached through our Telecommunication Device for the Deaf at (360) 753-7809.

Next HECB Meeting

Date	Location
December 12, Thurs.	University of Washington, Seattle Walker Ames Room, Kane Hall

MASTER PLAN 2004/HIGHER EDUCATION FUNDING DISCUSSION PAPER

October 2002

Enrollments

- 1. Publicly funded enrollments in Washington's public institutions of higher education totaled 221,931 FTE students in the 2001-02 academic year (87,969 at the four-year institutions and 133,962 at the community and technical colleges).
- 2. Budgeted enrollments came to 209,605 FTE students in 2001-02 (84,523 at the four-year institutions and 125,082 at the community and technical colleges).
- 3. Actual enrollments exceeded budgeted enrollments in 2001-02 by 12,326 FTE students (3,446 at the four-year institutions and 8,880 at the community and technical colleges).
- 4. Budgeted enrollments in 2002-03 total 213,512 FTE students, some 8,419 less than actual enrollments in 2001-02.
- 5. Pressure for higher education enrollments will continue to be strong through 2010 as the prime college-age population (ages 17-29) is expected to grow 15%.
- 6. To maintain the current participation rates at the public two-year and four-year institutions, enrollment in 2009-10 would need to be 242,400, an increase of nearly 28,000 from the 2002-03 budgeted enrollments (based on a projection made by the Office of Financial Management (OFM) in November 2000 which will be updated in November 2002).
- 7. To reach the HECB 2000 Master Plan FTE enrollment goal (upper-division participation at the national average and lower-division at the current state participation rate) would require a total public enrollment of 261,000 by 2009-10, an increase of nearly 48,000 from 2002-03 budgeted enrollments.

Public funding of institutions per student

8. Public higher education institutions generally receive funding for instructional operating costs from two sources: state government (and sometimes local government) appropriations and tuition from students. State appropriations for higher education include both monies directly appropriated to the institutions and monies appropriated for financial aid for students. From the perspective of the institutions, financial aid is an offset against tuition collections.

- 9. On a per student basis, average state appropriations (biennial basis) per budgeted FTE student at the public four-year institutions declined 9% (after adjusting for inflation) from 1991-93 to 2001-03 (from \$9,210 to \$8,344 in 2001-03 dollars). Average state appropriations per budgeted FTE student at the community and technical colleges stayed relatively flat (from \$4,071 to \$4,136 in 2001-03 dollars). These amounts do not include state appropriations for financial aid.
- 10. The decline in state spending per student is more dramatic when looking at individual institutions by year:

Change in Average State Appropriations Per Budgeted FTE Student						
	State General Fund					
Adjusted for Inflation						
	1 Year					
	1992-93 to 2002-03	2001-02 to 2002-03				
University of Washington	-11.5%	-6.5%				
Washington State University	-12.2%	-6.5%				
Central Washington University	-16.5%	-8.3%				
Eastern Washington University	-17.0%	-7.1%				
The Evergreen State College	-24.8%	-8.6%				
Western Washington University	-11.2%	-6.4%				
Community and Technical Colleges	0.8%	-1.0%				

11. State and local government funding per student in Washington is less than at comparable institutions in other states:

State And Local Government Appropriations per Fall FTE Student 2000-01					
	Washington Institution	Peer Average*			
University of Washington	\$9,223	\$12,148			
Washington State University	\$9,737	\$11,077			
Comprehensive Institutions**	\$5,350	\$ 6,254			
Community and Technical Colleges	\$4,123	\$ 5,296			

^{*} See Appendix 2 for a description of the peer groups.

Tuition

12. Increases in tuition have outpaced per capita income and inflation. From 1991-92 to 2002-03 the "sticker price" tuition and fees (operating fee, building fee, and services and activities fee) for a resident undergraduate at a public research university increased 106%

^{**} The four comprehensive institutions vary widely in their appropriations per student.

- (not adjusted for inflation). Per capita personal income in Washington increased 54%. Inflation (as measured by the implicit price deflator) was 25%.
- 13. Tuition is paying for an increasing share of the cost of public higher education instruction. In 1992-93, resident undergraduate tuition (operating fee and building fee) equaled 33% of the undergraduate cost of instruction at the research universities; 25% at the comprehensive institutions; and 23% at the community and technical colleges. Preliminary numbers for 2002-03 indicate that the percentages have increased to 47% at the research universities; 35% at the comprehensive institutions; and 32% at the community and technical colleges.

Financial aid

- 14. State appropriations for financial aid programs increased 176% (\$168 million) from 1991-93 to 2001-03 after adjusting for inflation. The appropriations for the financial aid programs and the HECB went from \$96 million (in 2001-03 dollars) to \$264 million.
- 15. The State Need Grant program is the largest of the state financial aid programs. The Board's goals are to service needy students with incomes at or below 65% of the state's median family income with an award equal to resident undergraduate tuition and fees in each of the public sectors. For 2002-03, the effective income cutoff (for a family of four) is \$35,000 which is 55% of the state's median family income. The award is equal to 84% of tuition at the research universities; 88% of tuition at the comprehensive institutions; and 96% of tuition at the community and technical colleges.
- 16. The Promise Scholarship program provides two-year grants for outstanding high school graduates from low- and middle-income families who attend a college or university in Washington. The maximum authorized award is equal the current tuition at a community college. For 2002-03, the prorated maximum award is \$948 or 48% of the current community college tuition.

GOALS

What should Washington State be attempting to accomplish in higher education in the face of what appears to be a long-term funding/revenue problem? What kind of public higher education system do we want and can we afford in the 21st century?

Funding

The 1987 Master Plan ("Building a System ...to be among the best...") included a goal to "achieve a system of higher education that is one of the five best in the nation." The approach to funding was a goal for funding institutions in the state of Washington at least at the average perstudent support of their peers (to be phased-in over three biennia). Once this was achieved,

quality was to be protected by requiring enrollment reductions if state funding fell below the standard.

By 1988, the HECB had revisited this issue and adopted a new funding goal for Washington institutions to achieve the 75th percentile level of the comparison groups over four biennia beginning in 1989-91.

And a 1992 update of the Master Plan ("A Commitment to Opportunity") commented that "Funding remains the unsolved challenge from the 1987 Master Plan..." It went on to state that while the Legislature did not adopt the funding formula, it did provide financial stability for post-secondary education during the 1989-91 biennium by funding progress toward reaching the 75th percentile goal and enhancements for educational quality. But, those gains were reduced in 1992 when the Legislature cut general fund support for institutional operating budgets and maintained enrollment levels.

Enrollments

In the 1990 "Design for the 21st Century: Expanding Higher Education Opportunity in Washington," the HECB developed a 20 year state enrollment policy. The long-range, state-wide enrollment goal was to achieve by the year 2010 the 70th percentile in national average participation rates for upper division and graduate levels. When combined with lower-division growth at the community colleges and increased transfer activity, this goal would achieve the 90th percentile system-wide.

With the 1996 Master Plan ("The Challenge for Higher Education"), the Board again endorsed the long-term enrollment goal to achieve, statewide, a level of upper-division and graduate/professional enrollment equal to the 70th percentile when compared nationally. The Board extended the timeframe for reaching this goal to the year 2020. The Board endorsed increases in lower-division enrollment that would keep pace with the growing population at the current rate of participation. Again, when meeting these goals enrollment for the system as a whole would approach the 90th percentile when compared nationally. Two phases were recommended to attain the enrollment goal. In Phase One, the upper-division and graduate/professional access would increase to a level equivalent to the national participation rate by the year 2010. In Phase Two (2010-2020), upper-division and graduate/professional access would continue growth to attain the 70th percentile.

The 2000 Master Plan reiterated the full commitment of the HECB to the fundamental goal of sustaining and enhancing the state's commitment to higher education opportunity by reaffirming the policy goal of providing to state residents the opportunity for a college education. It requested the state to fund an additional 52,500 students at public colleges and universities by 2010 (over 2000-01). This request was based on maintaining the current (1998) participation rate for the lower-division and increasing the upper-division rate to the national average by 2010.

"Sizing the Problem" 2003-05 Biennium

Dollars in Millions

Revenues:

2003-05 Revenue Forecast (September 2002)	\$22,700
12.2 Percent	\$2,769

Expenditures:

Higher Education Budget Requests		
		Amount Over 2001-03
Current 2001-03 Biennium	\$2,734	
2003-05 Maintenance Level	\$2,751	\$17
Policy Adds (priced)		
Enrollments	\$124	
Core funding (UW and WSU)	\$96	
Part-time faculty salaries (CTC)	\$20	
Financial aid (HECB)	\$20	
Other	\$35	
Subtotal Budget Requests	\$295	\$312
Unpriced Policy Adds		
Faculty Salaries	\$80	
At the comprehensives and the SBCTC; faculty salaries for the research universities are included in the core funding proposal; assumes COLAs of 2.1%/2.4% plus recruitment and retention funds of 3% each year		
Financial Aid	\$27	
Assumes annual tuition increases of 6.75% and 6.75% in the 2003-05 biennium		
Total request 2003-05	\$3,153	\$419

2003-05 Institutional and HECB Budgets						
Based on Benchmarks and Board Policie	! S					
Additional enrollments to maintain participation rates	\$204	\$204				
Maintain current service levels (Fall 2000 participation rate) plus						
providing targeted expansions in workforce training and high-						
demand fields - adds 15,571 FTE students by FY 2005	Φ0.00 . 7	0707				
Current enrollments funded at benchmarks	\$3,267	\$797				
Budgeted 2002-03 enrollments funded at the peer averages						
beginning 2003-04	ФОО Т	# 400				
Financial aid funding at HECB policy levels	\$367	\$103				
Full funding of the financial aid programs including the State						
Need Grant awards to cover the full cost of tuition and serving						
students up to 65% of the state's median family income and the						
Promise Scholarship award equal to the full CTC tuition						
Total Operating Budget	\$3,838	\$1,104				

Appendix 1: NEEDS ASSESSMENT

Benchmarks

• State budget comparison (state general fund, adjusted for inflation)

- 1. The share of the Washington state general fund budget going to higher education went from 12.6% (\$2.3 billion in 2001-03 dollars) in 1991-93 to 12.2% (\$2.7 billion in 2001-03 dollars) in 2001-03. (Note: Tuition revenues go directly to the institutions; they are not part of the state general fund support for higher education.)
- 2. The entire general fund budget in 2001-03 is \$22.5 billion.
- 3. The share of the state budget going to higher education reached a low in 1995-97 at 11.1%.
- 4. The state's general fund budget grew \$4.2 billion (in 2001-03 dollars) from 1991-93 to 2001-03.
- 5. The major growth areas in the state budget from 1991-93 to 2001-03 have been medical assistance and long-term care (\$1.4 billion in 2001-03 dollars) and public schools (\$1.3 billion in 2001-03 dollars).
- 6. Bond retirement grew \$568 million (2001-03 dollars) and corrections grew \$462 million (2001-03 dollars).
- 7. The higher education budget grew \$440 million (2001-03 dollars) from 1991-93 to 2001-03.
- 8. During this period the entire budget grew 23% (adjusted for inflation). Higher education grew 19% while public schools grew 15%. Medical assistance and long-term care grew 73%; corrections grew 76%; and bond retirement grew 83%.

Higher education operating budget (state general fund; adjusted for inflation)

9. Public higher education institutions generally receive funding for instructional operating costs from two sources: state government (and sometimes local government) appropriations and tuition from students. State appropriations for higher education include both monies directly appropriated to the institutions and monies appropriated for financial aid for students. From the perspective of the institutions, financial aid is an offset against tuition collections.

- 10. The Washington state general fund higher education budget grew from \$2.289 billion in 1991-93 to \$2.729 billion in 2001-03 (adjusted for inflation). (This amount does not include tuition revenues.)
- 11. Of the \$440 million in growth, nearly half (\$203 million) was for the community and technical colleges; over one-third (\$168 million) was for financial aid; and the remainder (\$69 million) was for the four-year institutions.
- 12. Total state support for financial aid budget grew 176% (adjusted for inflation) while state support for the community and technical colleges grew 24% and state support for the four-year institutions grew 5%. (Overall, the state general fund higher education budget grew 19% and the entire state budget grew 23%.)

• State support of institutions per student

- 13. On a per student basis, average state appropriations (biennial basis) per budgeted FTE student at the public four-year institutions declined 9% (after adjusting for inflation) from 1991-93 to 2001-03 (from \$9,210 to \$8,344 in 2001-03 dollars). Average state appropriations per budgeted FTE student at the community and technical colleges stayed relatively flat (from \$4,071 to \$4,136 in 2001-03 dollars). These amounts do not include state appropriations for financial aid.
- 14. See Table 1 for annual data by institution (page 11).
- 15. State and local government funding per student in Washington is less than at comparable institutions in other states. See Chart 1 (page 12).

• Tuition

- 16. Average tuition collections (operating fees only) per FTE student increased 49% at the four-year institutions (\$2,393 to \$3,573 in 2001-03 dollars) from 1991-93 to 2001-03. Average tuition collections per FTE student increased 78% at the community and technical colleges (from \$678 to \$1,208 in 2001-03 dollars) during this time.
- 17. Increases in tuition have outpaced per capita income and inflation. From 1991-92 to 2002-03, the "sticker price" tuition and fees (operating fee, building fee, and services and activities fee) for a resident undergraduate at a public research university increased 106% (not adjusted for inflation). Per capita personal income in Washington increased 54%. Inflation (as measured by the implicit price deflator) was 25%.
- 18. Tuition is paying for an increasing share of the cost of public higher education instruction. In 1992-93, resident undergraduate tuition (operating fee and building fee) equaled 33% of the undergraduate cost of instruction at the research universities; 25% at the comprehensive institutions; and 23% at the community and technical colleges.

- Preliminary numbers for 2002-03 indicate that the percentages have increased to 47% at the research universities; 35% at the comprehensive institutions; and 32% at the community and technical colleges.
- 19. Shifting the burden from state support to students and families has resulted in slightly increased revenues per student from 1991-93 to 2001-03. Average state support (#13) plus tuition collections (#16) per FTE student went from \$11,602 to \$11,917 (2001-03 dollars) at the public four-year institutions. At the community and technical colleges, the combined state support and tuition collections increased from \$4,749 to \$5,343 (2001-03 dollars).

Enrollments

- 20. Publicly funded enrollments in Washington's public institutions of higher education totaled 221,931 FTE students in the 2001-02 academic year (87,969 at the four-year institutions and 133,962 at the community and technical colleges).
- 21. Budgeted enrollments came to 209,605 FTE students in 2001-02 (84,523 at the four-year institutions and 125,082 at the community and technical colleges).
- 22. Actual enrollments exceeded budgeted enrollments in 2001-02 by 12,326 FTE students (3,446 at the four-year institutions and 8,880 at the community and technical colleges).
- 23. Budgeted enrollments in 2002-03 total 213,512 FTE students, some 8,419 less than actual enrollments in 2001-02.
- 24. Pressure for higher education enrollments will continue to be strong through 2010 as the prime college-age population (ages 17-29) is expected to grow 15%.
- 25. To maintain the current participation rates at the public two-year and four-year institutions, enrollment in 2009-10 would need to be 242,400, an increase of nearly 28,000 from the 2002-03 budgeted enrollments (based on a projection made by OFM in November 2000 which will be updated in November 2002).
- 26. To reach the HECB 2000 Master Plan FTE enrollment goal (upper-division participation at the national average and lower-division at the current state participation rate) would require a total public enrollment of 261,000 by 2009-10, an increase of nearly 48,000 from 2002-03 budgeted enrollments.

Faculty positions

27. Faculty salaries at Washington's public institutions are less than at comparable institutions in other states. See Chart 2 (page 13).

- 28. At the public four-year universities, the number of full-time instructional faculty has increased by 171 positions from 1991-92 to 2001-02. During this time, the number of full and associate professors has declined (118 and 100 positions, respectively), while the number of lesser ranked faculty has increased.
- 29. At the public four-year universities, the student to faculty ratio has increased over the last 10 years (from 1991-92 to 2001-02). At the research universities, the student to full-time instruction faculty ratio went from 16.3 to 18.2. At the comprehensive institutions, the ratio went from 21.3 to 24.2.
- 30. Teaching faculty at the community and technical colleges are becoming more part-time. In 1995-96, state supported part-time teaching faculty comprised 37% of the total teaching faculty; in 2000-01, they were 40%.

Comparisons to other states

- 31. When compared to the other states, Washington fell from the middle (25th) to 34th in state and local government appropriations for higher education per \$1,000 of personal income in the state. In 1992-93, Washington appropriated \$9.75 to higher education per \$1,000 of personal income; by 2000-01 this had fallen to \$7.14. The median state in 1992-93 appropriated \$9.66 and the median state in 2000-01 appropriated \$8.04 per \$1,000 of personal income.
- 32. In proportion to the size of its economy, Washington spends less on higher education than a number of other states such as Oregon, California, Idaho, Wisconsin, Michigan, Minnesota, North Carolina, Utah, and Texas.
- 33. In state and local government spending on higher education per capita, Washington ranked 18th among the states in 1992-93 and 26th in 2000-01. Washington ranked 14th in per capita income in 1992 and 11th in 2000.
- 34. Tuition and fees ("sticker price") at Washington's research universities increased 50% (after adjusting for inflation) from 1991-92 to 2001-02. Washington was at the national median in 1991-92 and slightly above it in 2001-02.
- 35. At the comprehensive universities, tuition and fees increased 49% (after adjusting for inflation) from 1991-92 to 2001-02, staying just below the median state.
- 36. Tuition and fees at the community colleges increased 51% (after adjusting for inflation), staying at the national median in both 1991-92 and 2001-02.

• Degree production

- 37. The number of Washington residents age 25 and older with a Bachelor's degree increased by 345,000 between the 1990 and 2000 Census's. Washington's institutions of higher education (both public and private) produced 220,000 BA degrees during this time (64% of the increase). The net in-migration of BA degrees was 125,000 (36%).
- 38. In 2000, some 24,000 Bachelor's degrees were granted in Washington 18,200 (76%) by public institutions and 5,800 (24%) by private institutions.

2003-05 Budget Outlook

- 39. The revenue forecast for the state's general fund for the 2003-05 biennium is \$22.7 billion. (This is only \$200 million higher than the current 2001-03 operating budget.) The preliminary expenditure estimate for the 2003-05 biennium is \$24.7 billion. The overall funding gap is \$2.0 billion.
- 40. The Health Services Account has a predicted deficit of \$550 million in the 2003-05 biennium. This plus the general fund funding gap total \$2.6 billion.
- 41. Faced with budget deficits, budget writers have three options: (1) adopt tax increases; (2) eliminate or greatly reduce state programs; or (3) some combination of (1) and (2)

Table 1: Average State Appropriations Per Budgeted FTE Student State General Fund 1991-92 to 2002-03

Current Dollars (not adjusted for inflation)												
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
University of Washington-All Campuses	\$8,512	\$8,836	\$8,191	\$7,943	\$8,211	\$8,233	\$8,631	\$8,854	\$9,294	\$9,681	\$9,934	\$9,497
Washington State University-All Campuses	\$8,988	\$9,234	\$8,589	\$8,269	\$8,465	\$8,313	\$8,854	\$8,807	\$9,391	\$9,922	\$10,289	\$9,841
Central Washington University	\$5,099	\$5,474	\$4,795	\$5,017	\$4,874	\$5,009	\$5,070	\$5,259	\$5,493	\$5,634	\$5,910	\$5,546
Eastern Washington University	\$5,103	\$5,414	\$4,895	\$4,828	\$4,883	\$4,880	\$5,064	\$5,098	\$5,384	\$5,591	\$5,738	\$5,454
The Evergreen State College	\$5,924	\$6,908	\$5,532	\$5,898	\$5,636	\$5,707	\$5,861	\$5,740	\$6,154	\$6,698	\$6,746	\$6,304
Western Washington University	\$4,796	\$4,832	\$4,513	\$4,222	\$4,486	\$4,565	\$4,695	\$4,716	\$5,014	\$5,217	\$5,442	\$5,210
Community and Technical Colleges	\$3,292	\$3,399	\$3,118	\$3,248	\$3,092	\$3,156	\$3,293	\$3,546	\$3,779	\$3,957	\$4,110	\$4,161

Constant Dollars (adjusted for inflation; in FY2003 dollars)												
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
University of Washington-All Campuses	\$10,618	\$10,726	\$9,746	\$9,233	\$9,349	\$9,173	\$9,485	\$9,611	\$9,869	\$10,032	\$10,161	\$9,497
Washington State University-All Campuses	\$11,211	\$11,210	\$10,219	\$9,612	\$9,638	\$9,263	\$9,730	\$9,560	\$9,973	\$10,282	\$10,524	\$9,841
Central Washington University	\$6,360	\$6,644	\$5,706	\$5,832	\$5,549	\$5,581	\$5,572	\$5,709	\$5,833	\$5,838	\$6,045	\$5,546
Eastern Washington University	\$6,365	\$6,572	\$5,825	\$5,612	\$5,559	\$5,438	\$5,565	\$5,534	\$5,718	\$5,794	\$5,869	\$5,454
The Evergreen State College	\$7,389	\$8,386	\$6,582	\$6,856	\$6,417	\$6,359	\$6,441	\$6,232	\$6,535	\$6,941	\$6,900	\$6,304
Western Washington University	\$5,983	\$5,866	\$5,369	\$4,908	\$5,108	\$5,087	\$5,160	\$5,120	\$5,325	\$5,407	\$5,566	\$5,210
Community and Technical Colleges	\$4,106	\$4,126	\$3,710	\$3,776	\$3,520	\$3,516	\$3,619	\$3,850	\$4,013	\$4,101	\$4,204	\$4,161

Chart 1: State and Local Appropriations per FTE Student FY 2001

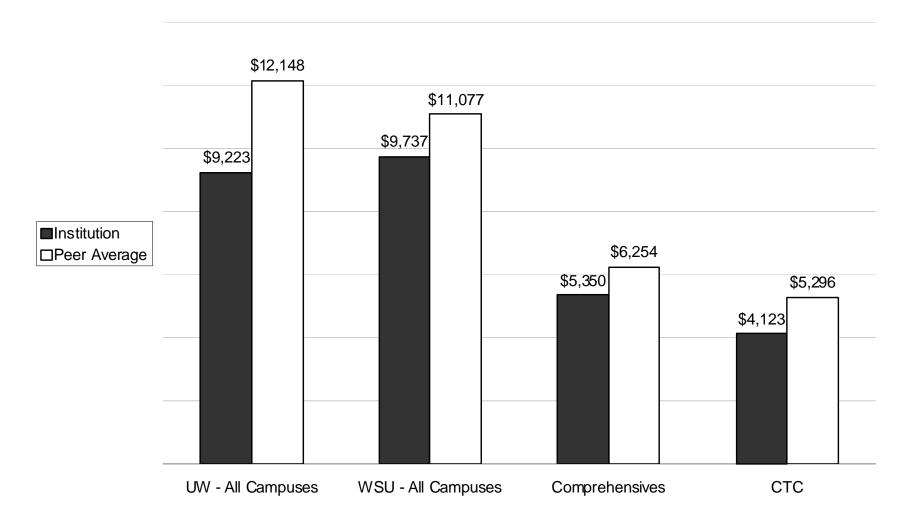
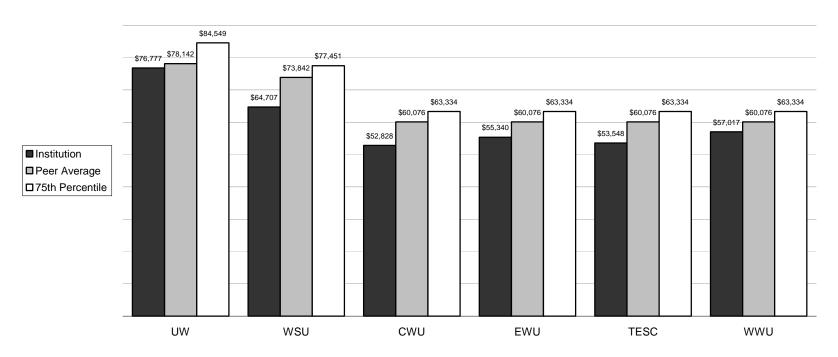
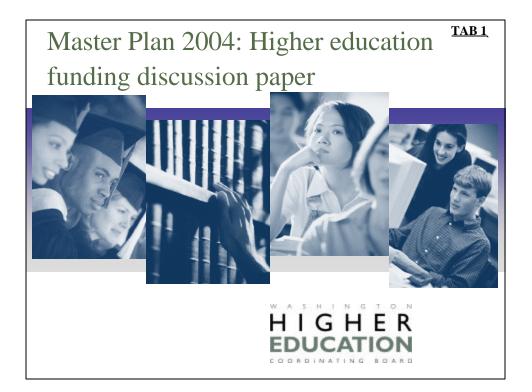


Chart 2: Average Faculty Salaries
Washington Institution Compared to Their Peers
2001-02



Appendix 2: PEERS

- National peer groups offer a standard by which to compare higher education institutions in Washington to other institutions in a variety of ways, and have been used at least since 1984.
- In 1988, legislative concerns were expressed over the narrowness of the lists at that time (7 or 8 institutions for each peer group). The Special Joint Study Group (JSG) on Higher Education was formed and composed of members of both houses of the Legislature, the Executive branch and the HECB. The Group was established to review a new funding approach for higher education that was proposed in the HECB's 1987 Master Plan and address related matters.
 - □ The JSG endorsed new groups of comparison institutions reflecting a national perspective and recommended the use of the new peer groups as external benchmarks for measuring the adequacy of <u>financial support</u> for higher education.
 - □ The JSG also established a <u>funding goal</u> for Washington institutions to achieve the 75th percentile level of the comparison groups over four biennia beginning in 1989-91.
 - Concurrent with the actions of the Joint Study Group, the HECB adopted the new set of institutional comparison groups and adopted the 75th percentile for these groups as the funding goal for Washington institutions.
- The criteria used to establish the peer groups reflect a national perspective. The peer groups include institutions that are similar in size, program offerings, student mix, and research orientation. More specifically, the Carnegie Commission's classification of institutions is used as the basis for selecting comparison groups for Washington institutions of higher education (peer group numbers exclude Washington institutions).
 - □ The national comparison group for the University of Washington is all public institutions in the Carnegie classification Research Universities category 1 with medical schools (24 institutions). (Note: For the purposes of the analysis in this discussion paper Cornell University was excluded.)
 - □ The national comparison group for Washington State University is all public land grant universities in the Carnegie Research Universities categories 1 and 2 with veterinary schools (22 institutions). (Note: For the purposes of the analysis in this discussion paper Cornell University was excluded.)
 - □ The national comparison group for Central, Eastern, and Western Washington Universities (and for the purposes of this discussion paper, The Evergreen State College) is all public institutions in the Carnegie classification Comprehensive Colleges and Universities category 1 (274 institutions). (Note: For the analysis in this discussion paper data was obtained on 269 institutions.)
 - □ The comparison group for the Washington community college system used in this discussion draft was all public community and technical colleges in six western states (Oregon, California, Arizona, Colorado, Idaho and Nevada) for which finance and student data could be obtained (136 institutions).



Introduction

Master Plan development process

- Discussion papers
 - Higher education funding Oct 2002
 - New revenue options Dec 2002
 - Enrollment access and opportunity Dec 2002
 - Tuition and financial aid Jan 2003
 - Branch campus issues March 2003
 - College admissions & transfer issues April/May 2003

October 2002

Higher Education Coordinating Board

3

Discussion on higher education funding

- Review of public higher education:
 - Enrollment trends and outlook
 - State funding trends and policies
 - Tuition trends
 - Financial aid policies

October 2002

Higher Education Coordinating Board

These trends are:

- Public higher education institutions are currently over-enrolled
- Demographic pressure will continue for new enrollments
- State funding for institutions per student declined in the 1990s
- State funding per student is significantly below what occurs at comparable institutions in other states

October 2002

Higher Education Coordinating Board

5

Trends continued:

- Increases in tuition have been significant
- The cost of public higher education is being transferred from the state to students and families
- The goals for financial aid are not being met

October 2002

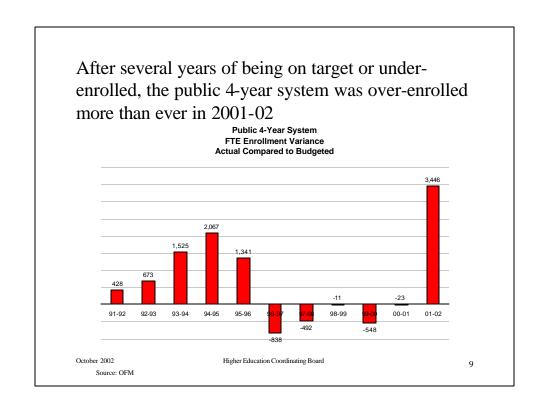
Higher Education Coordinating Board

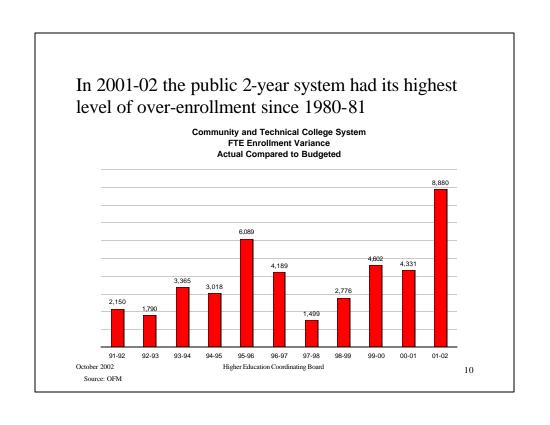
Enrollments

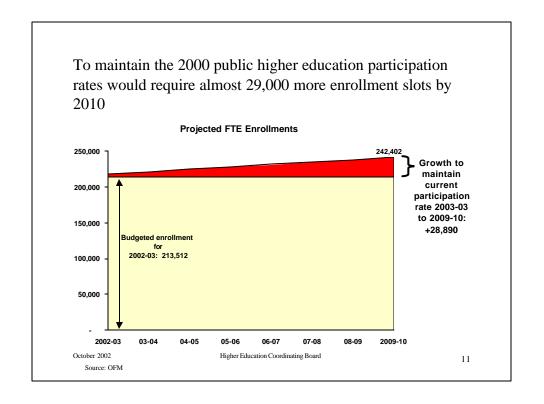
Actual 2001-02 enrollments at public institutions exceeded budgeted enrollments in 2001-02 and 2002-03

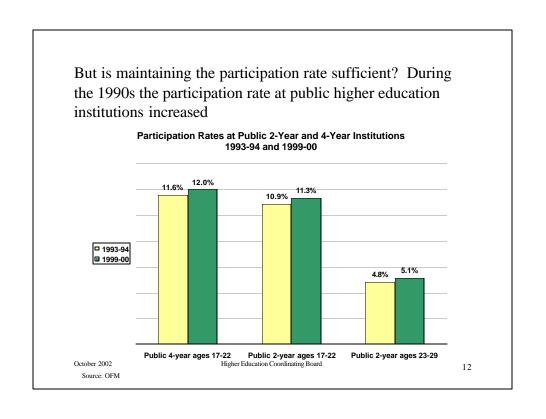
Public Higher Education Enrollments FTE Students							
	СТС	4-Year	Total				
2001-02 Budgeted	125,082	84,523	209,605				
2001-02 Actual	133,962	87,969	221,931				
Variance	+8,880	+3,446	+12,326				
2002-03 Budgeted	128,222	85,290	213,512				
Difference from	(5,740)	(2,679)	(8,419)				

October 2002 Source: OFM Higher Education Coordinating Board









Per student funding

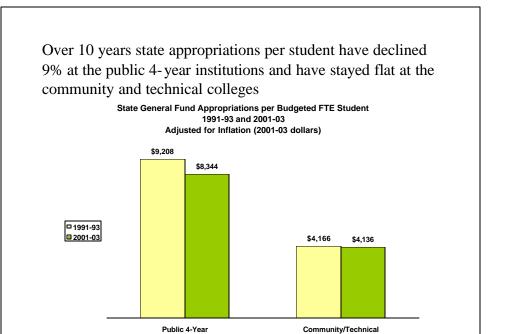
The two primary funding sources for public higher education instructional costs are:

- 1. Governmental appropriations directly to the institutions
- 2. Tuition from students

 Tuition (all or part) can be paid either directly by a student or, for a qualifying student, can be paid by financial aid

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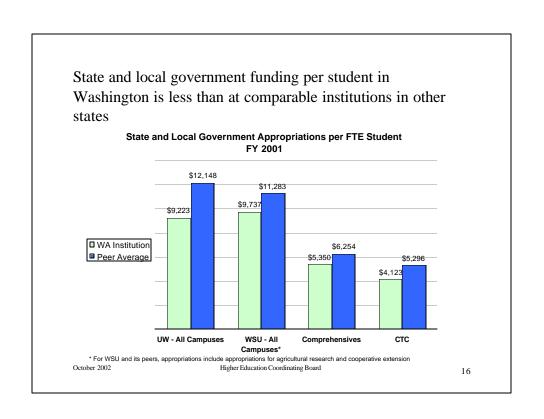


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Source: LEAP

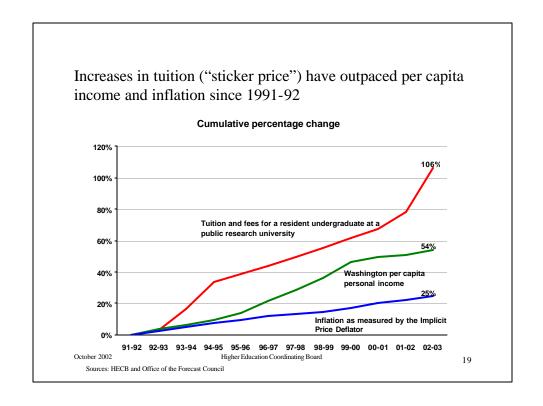


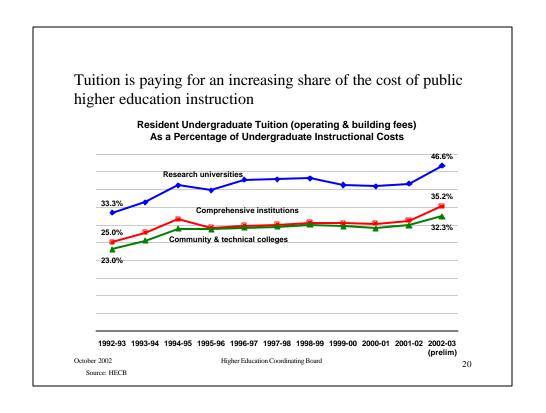
Funding goals

- 1987 Master Plan
 - "achieve a system of higher education that is one of the five best in the nation"
 - Fund institutions in Washington at least at the average per student support of their comparable institutions (to be phased-in over 3 biennia)
- 1988
 - New funding goal to achieve the 75th percentile of the comparable institutions (over 4 biennia)
- Proposed 2003-05
 - Increase per-student state funding to the level of comparable institutions in other states

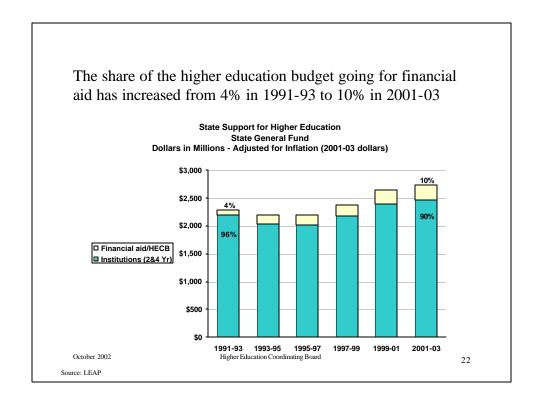
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Tuition





Financial aid



State need grant

- HECB goals:
 - Assist needy students with incomes up to 65% of the state's median family income (\$41,500 for a family of 4)
 - With awards equal to tuition in the public sectors
- 2002-03
 - Assist needy students with incomes up to 55% of MFI (\$35,000 for a family of 4)
 - Award equal to 84% of tuition at research universities;
 88% at comprehensive institutions; and 96% at CTCs

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Promise scholarship

- Maximum award authorized in state law is equal to tuition at a CTC
- 2002-03 the prorated maximum award is \$948 or 48% of the current CTC tuition

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Conclusions

- Enrollment slots at the public higher education institutions need to be increased
- State funding per-student has suffered in the 1990s and is below that of comparable institutions in other states
- Past tuition increases have been significant
- The goals for financial aid are not being met

October 2002

Higher Education Coordinating Board

2003-2005 HIGHER EDUCATION OPERATING AND CAPITAL BUDGET RECOMMENDATIONS

October 2002

2003-2005 HIGHER EDUCATION OPERATING BUDGET

Section 1. Summary

The Higher Education Coordinating Board (HECB) is a citizen board charged by statute to "identify the state's higher education goals, objectives, and priorities" and to "review, evaluate, and make recommendations on operating and capital budget requests" (RCW 28B.80.330(2), (4)). The citizens appointed to the current board share a deep concern regarding the future of higher education in Washington State, especially in light of the financial situation facing those responsible for state government budgeting. These budget recommendations are offered as a vision of what higher education could and should be in this state, not as a specific blueprint on how to balance a budget with limited funds. Also, these budget recommendations are not designed to identify a specific funding level for individual institutions. The Board will be undertaking a discussion of higher education funding over the next few months, and will share the results of those discussions in the near future.

Higher education is facing a crisis in Washington State. Years of limited state funding support, imposition of across-the-board budget cuts, and assumptions of "efficiency increases" as a way to avoid funding enrollment growth have resulted in a drop of state per student support of 9 percent at public four-year institutions since the 1991-1993 biennium, adjusted for inflation. Qualified students are being turned away from all of our four-year institutions, and crowding at the two-year institutions have resulted in growing waiting lists and class-closed lists. Demand for job training and re-training is growing, as is the need for pre-college courses for a variety of students who want an opportunity to fully participate in the economy and community. The financial responsibility for college expenses is being continually shifted to students and their families, threatening the ability of those with limited means to participate. At the same time, the state population, including the college-going portion of that population, is expected to keep growing for another ten years.

In the face of this unprecedented demand for higher education is a state government financial outlook that is grim. Revenues are not growing, just at the time when investments in higher education are needed. The economy is struggling, which increases the demand for job retraining. Experience in other states has taught us that re-tooling workers during an economic downturn is key to the strength and sustainability of the recovery—when it comes.

In this environment of pressures and limitations, the citizen governing boards of the public higher education institutions have presented budget requests for the 2003-2005 biennium that

present the specific needs of their individual campuses and programs. The research institutions have focused on the erosion of state support for their educational programs, the community and technical colleges have focused on the need for expanded enrollment with increased per student funding levels, and the comprehensive universities have addressed both enrollment and specific funding concerns.

The HECB endorses the budget requests put forward by the governing boards of the institutions and recommends they be funded. In addition, the HECB has determined that reviewing benchmarks for funding levels is an appropriate approach to establishing a total system-wide budget for higher education. The HECB further recommends:

- The state re-commit to the goal of providing postsecondary education opportunity to its residents as one of its primary duties. The value of postsecondary education to the student, their family, the economy, and the state community require no less.
- The state commit to the goal of providing targeted enrollment opportunities to students who need training or re-training to be successful in the workforce and contribute to the state economy.
- The state reverse recent state funding trends and fully support the cost of providing a quality education to students at a price they can afford—students and their families deserve no less.
- The state meet its responsibility to enable those students with limited means to participate in postsecondary education through carefully designed and adequately funded financial aid programs.
- The state step up to the responsibility of acquiring sufficient resources to invest in higher education to meet these commitments.
- The public institutions be responsible to clearly explain to the Governor, Legislature and the HECB how these additional resources have been used, and the benefits that have accrued.

These HECB recommendations may seem aggressive in this era of financial limitations, but they are also urgent. Continued reductions in state support for the higher education system in Washington State, allowing it to deteriorate into a second-class status, is simply not an acceptable course of events. The HECB is taking the leadership role to call for an end to the discussions of financial difficulties, fiscal constraints, and so-called efficiencies and reprioritizations, and deal with the reality that investing in the state's higher education system is critical.

Section 2. Enrollment Needs for the 2003-2005 Biennium

Maintaining the Current Service Level

The concept of maintaining the current level of service is employed extensively in state agency operating budget development in Washington State, and is a useful first step in building an estimate of enrollment demand or need. Stated simply, this concept identifies the number of student FTE enrollments required to allow the same percentage of the college-going population to attend college in a future year as in the base year. This is done by applying the percentage of participation to population projections for the future by age and gender. The Office of Financial Management (OFM) makes these calculations every two years, and an update is expected in November 2002.

The latest forecast currently available is for Fall 2000 actual enrollments compared to the November 2000 OFM population forecast. Based on these projections, the enrollment level required to maintain participation (service) at the rate experienced in Fall 2000 is as follows:

To Maintain the Fall 2000 Current Service Level

	2-year		4-year		_	
	Schools	<u>Increase</u>	Schools	<u>Increase</u>	Total	<u>Increase</u>
FY 2003 budget	128,222		85,290		213,512	
FY 2004 OFM projection	131,862	3,640	89,385	4,095	221,247	7,735
FY 2005 OFM projection	133,531	1,669	91,132	1,747	224,663	3,416
Subtotal, Current Service Level	5,309		5,842		11,151	

Note: The OFM projection is based on Fall 2000 actual enrollment and the November 2000 enrollment forecast. These projections will be updated in November 2002.

Maintaining the same level of service, or rate of participation, as was provided in the Fall of 2000 should not be seen as the state's enrollment goal, but rather should be seen as an important first step. The HECB's work on the Master Plan for higher education over the coming year will examine enrollment goals and needs.

Targeted Enrollment Additions

In addition to preserving the same level of service or participation in college to a growing population, the institutions and the HECB have identified the need for additional targeted student enrollments. These enrollments are designed to address specific issues such as the current health care worker shortage, increasing worker retraining needs driven by economic conditions, and the

demand for increased graduates in specific high demand fields. Following is a listing of these enrollments:

To Provide Additional Targeted Enrollment Increases

	FY 2004	FY 2005	<u>Total</u>	
Two-year schools				
Apprentice	100	100	200	
FY 2003 workforce	1,320		1,320	
Health care	200	200	400	
Economic development	750	750	1,500	
Two-year and four-year schools				
HECB high demand pool		1,000	1,000	
Subtotal, Targeted Increases	2,370	2,050	4,420	

Note: These targeted enrollment increases reflect specific requests by the institutions and the HECB, and are not included in the current service level calculations shown above.

Total Estimated New Student FTE Enrollment Need

The total number of new student FTEs in the 2003-2005 biennium to both maintain the service levels of Fall 2000 and provide the targeted enrollments requested by the institutions is:

Summary of Total Enrollment Increase Need

	FY 2004	FY 2005	<u>Total</u>
Two-year schools	6,010	2,719	8,729
Four-year schools	4,095	1,747	5,842
HECB high demand pool		1,000	1,000
-			
Grand Total	10,105	5,466	15,571

The Cost of Investment: Additional Enrollments

It is critical that additional enrollments be funded by the state at a level that enables the institutions to develop and deliver quality education to additional students. In FY 2002, the institutions enrolled a total of 12,326 student FTEs above the amount supported by the state.

This is comprised of 3,446 over-enrollments in the four-year institutions and 8,880 over-enrollments in the two-year institutions. For the purpose of comparison, these levels of over-enrollment are about equal to half of Central Washington University and a two-year institution larger than Bellevue Community College, respectively. **The HECB believes the state should not expect institutions to continue to enroll students far in excess of the state support provided.** Institutions currently enroll these additional students because of their commitment to access and opportunity, but continuing the current practice of substantial over-enrollment is not fair to the students, the institutions, or to the long-term interests of the state.

Three approaches have been employed to develop a projected cost per FTE for the different types of enrollments that would be adequate to support quality programs:

- 1. CTC general and apprenticeship enrollment funding per new student FTE is set at the projected western state average of \$5,638 in FY 2004 and \$5,777 in FY 2005. This is slightly higher than the requested level of \$5,410 per year.
- 2. Four-year general enrollment funding per new student FTE is set at the average of their peer institutions. These amounts are \$10,460 in FY 2004 and \$10,719 in FY 2005. Since the distribution of additional FTEs among institutions is not known, a simple average of their peer funding levels is used.
- 3. The CTC targeted enrollments and the HECB high demand pool are funded at the amount requested in their 2003-2005 biennium budget requests.

Based on this methodology for determining the cost per student FTE and the number of additional student FTEs to both maintain current service levels (the Fall 2000 rate of participation) and provide the targeted expansions defined above, the **total cost in the 2003-2005 biennium would be \$204 million in state funds**.

Cost of Enrollment Need \$ Millions

	FY 2004	FY 2005	<u>Total</u>
Two-year schools	\$35.4	\$53.2	\$ 88.6
Four-year schools	\$42.8	\$62.6	\$105.4
HECB high demand pool		\$10.0	\$ 10.0
_			
Grand Total	\$78.2	\$125.8	\$204.0

Section 3. Core Support for Educational Quality for the 2003-2005 Biennium

The History of Peer Comparisons

The HECB first employed peer funding comparisons in the Master Plan submitted in December 1987 to set a goal for higher education state funding on a per student basis. The Board proposed setting the peer average funding level as the first step in an overall re-design of the approach to state funding, and reaching these peer averages for funding was recommended to occur over the following three biennia. From January to October of 1988 a HECB subcommittee, HECB staff, institutions and executive and legislative partners worked on establishing these peer groups and refining the funding goals. In its budget recommendations for the 1989-1991 biennium, the HECB adopted an operating budget funding policy with the following elements:

- The peer institutions to be used for benchmarking purposes should be those recommended by the Joint Executive-Legislative Study Group.
- The funding goal should be to reach the 75th percentile of the respective peer groups over a six-year period.
- In the absence of a peer group for The Evergreen State College, the funding goal should be to maintain its then-current relative position with respect to the comprehensive institutions.
- Branch campus funding should be addressed outside these funding goals.

In the budget discussions that have ensued over the 14 years since the HECB originally adopted a per student funding goal, the use of peer comparisons has continued and been expanded to include peer comparisons as a benchmark for salary levels and tuition charges. The use of peer comparisons has become an expected element of biennial budget deliberations. This benchmarking approach is often viewed with skepticism by some in the budget process. These questions and concerns with using peer comparisons as a benchmark may be more rooted in the reality of the comparisons than in the approach. The reality of the comparison shows that Washington institutions remain funded below the average of their peers.

For the 2003-2005 biennium, the University of Washington and Washington State University have provided a per-student peer funding comparison to quantify their requests to increase core funding. Their presentations yield results that are consistent with peer comparisons over the past 14 years—that Washington State institutions lag behind their peer averages.

Other than benchmarking through the use of peer comparisons, there is no commonly accepted method to determine how much it should cost to provide an adequate postsecondary education to a student. This issue of funding in higher education is addressed by the National Center for Public Policy and Higher Education in "Losing Ground: A National Status Report on the Affordability of American Higher Education" (2002):

"We do not know of any accepted measure of the adequacy of financial support of higher education. At present, there is no credible methodology for determining whether the

increased costs of providing higher education, including those costs supported by state appropriations and tuition, are essential for the quality and accessibility of public higher education. Nor is there an accepted way to determine whether the same or higher levels of accessibility and quality could have been reached with less state expenditure or with lower tuition levels."

The peer comparison concept is a common sense approach based on a market economy model and the relatively unrestricted opportunity for students to move among institutions around the nation. Hence, a fair comparison of the overall costs of offering a wide range of instructional programs should be to compare the amount invested per student with peer institutions. For the same reasons that the HECB first adopted this approach in 1987, it is still used today—because it is the most reasonable (and measurable) basis upon which to make projections of per-student funding need.

The Cost of Investment: Attain Peer Funding Averages

The HECB recommends the state begin to address the long-standing HECB policy of funding institutions at an adequate per-student funding level. The first step would be to increase per-student funding to a benchmark that represents the average of their peer institutions. Bringing funding to peer averages would provide the resources for institutions to individually address their needs for salary increases, recruitment and retention of faculty and staff, part-time faculty equalization, facility maintenance, student support services, library operations and other expenses that are integral to the delivery of quality instructional programs.

To bring average per-student funding to the same level as peer institutions for the 2003-2005 biennium, the HECB estimates the following additional funding would be required:

- An increase of \$797 million above the 2001-2003 biennium funding level.
- An increase of \$609 million above the total institution budget request level for the 2003-2005 biennium, excluding the amounts requested for new enrollments.

These numbers are based on the following assumptions:

- FY 2001 financial data as reported to IPEDS (combined state and local government appropriations).
- Fall 2000 data for peer FTE enrollment estimates.
- Calculations are a weighted average (mean) for the peer institutions (total state and local government appropriations for all the peers divided by the total number of FTE students at all the peers). Washington institutions were excluded.

- For Washington institutions, FY 2001 expenditure data came from the LEAP system and Fall 2000 FTEs were reported by OFM. For UW and WSU, average expenditure per FTE was used, and for the comprehensives a weighted average for all four institutions combined was used.
- For the community and technical colleges, the comparison is to other community and technical colleges located in western states.

State and Local Appropriations per FTE Student							
	FY	ge Projections					
	Institution	Peer Average	FY 2004	FY 2005			
UW – All Campuses	\$9,223	\$12,148	\$12,932	\$13,252			
WSU – All Campuses	\$9,737	\$11,077	\$11,792	\$12,084			
Comprehensives*	\$5,350	\$ 6,254	\$ 6,657	\$ 6,822			
Comm and Tech Colleges	\$4,123	\$ 5,296	\$ 5,638	\$ 5,777			

^{*}Numbers shown are averages for the four comprehensive institutions. Each is in a different position relative to the peer average.

Section 4. Financial Aid Needs for the 2003-2005 Biennium

On average, tuition at public institutions has increased over 20 percent in the 2001-2003 biennium, with obvious implications for students. The state has continued to shift the cost of public higher education from state support to student and family support. In 1978, students at research institutions paid 25 percent of the cost of instruction, today that number is approaching 47 percent. For low and middle income students, this increase in cost imposes a tremendous burden that translates into additional debt, a shift from full-time to part-time attendance, or a decision to forego any postsecondary education.

The Cost of Investment: Continuing Financial Aid Programs at the FY 2002 Level

The HECB budget request for the 2003-2005 biennium was based on two assumptions:

- 1. Since financial aid awards are linked to tuition increases, and the amount of tuition increases expected for the upcoming biennium cannot be predicted, a specific dollar request for financial aid for this purpose was not made. Instead, the additional cost of current financial aid programs for every one percent of tuition increase was identified.
- 2. Financial limitations might limit the state's ability to fund financial aid programs in the 2003-2005 biennium, so the request level was limited to restoring the FY 2002 level of assistance.

As a result of these assumptions, the HECB budget request included \$28.1 million for increased awards, and another \$1.2 million to improve program administration.

The Cost of Investment: Increasing Financial Aid in Response to Tuition Increases

Historically, increases in tuition have triggered increases in financial aid awards to mitigate the impact on needy students. The large increases in tuition adopted during the 2001-2003 biennium (over 20 percent for two years) make it even more important to protect needy students from future tuition increases. The HECB has adopted a policy that institutions should have the flexibility to set tuition at levels appropriate for their particular circumstance. For the purpose of estimating the funding for financial aid associated with tuition increases, the HECB estimates that financial aid programs would need to increase by an additional \$27.3 million to fully protect an eligible student receiving aid at the FY 2002 level from a 6.75 percent tuition increase in each year of the 2003-2005 biennium.

The Cost of Investment: Meeting the HECB Financial Aid Goals

Because the HECB 2003-2005 biennium budget request was limited to restoring the FY 2002 level of assistance, there are two important financial aid goals that are not fully realized in the HECB budget request:

- 1. The HECB has adopted the goal of increasing the Need Grant level to cover the full cost of public sector tuition for students whose family income is below 65 percent (currently 55 percent) of the state's median. This would increase the income limit for a family of four from \$35,000 in FY 2002 up to \$41,500 in FY 2003, and would add 3,000 students to the program. The cost to accomplish this goal in the 2003-2005 biennium is \$28 million.
- 2. The HECB has also adopted the goal of providing all eligible Promise scholarship recipients with awards equal to the full value of community and technical college tuition. The cost to accomplish this goal in the 2003-2005 biennium is \$5 million.

The Cost of Investment: Financial Aid for the Additional Enrollments

The HECB 2003-2005 biennium budget request did not include funds to provide financial aid to new FTE enrollments because the number of new enrollments is not yet known. For the purpose of providing information in this area, the HECB estimates that the cost of providing financial aid at the HECB goal level for the 15,571 new FTE enrollments identified in Section 2 is \$14.8 million.

The total HECB recommendation for financial aid is:

Restore awards to FY 2002 levels	\$28 million
Protect students from a 6.75 percent tuition increase	\$27 million
Achieve the HECB goals for Promise and State Need Grant recipients	\$33 million
Provide Financial Aid to New Enrollments	\$15 million
Total	\$103 million

Section 5. Tuition Levels

In January 2002, the HECB adopted a resolution regarding the responsibility for setting tuition levels in the public institutions, primarily because the state was facing an unexpected revenue shortfall, and the prospect of impending budget cuts posed a threat to the quality of and access to public higher education. The fiscal situation facing the state for the 2003-2005 biennium is unchanged. An unexpected revenue shortfall and the prospect of a slow recovery in revenues continue to pose a threat to public institution programs. For that reason, the HECB continues to support the resolution adopted almost a year ago.

Therefore, the Higher Education Coordinating Board continues to recommend to the Governor and the Legislature that the **governing boards of Washington's public colleges and universities and the State Board for Community and Technical Colleges be given tuition-setting authority, and, because this recommendation represents a significant change in the state's long-term tuition policy, it should be accompanied by the following actions:**

- The governing boards act to preserve the long-standing state policy of affordable and predictable tuition for all citizens by implementing a public process for setting tuition that provides for comment from all interested parties. Tuition decisions should recognize that students will continue to utilize federal and state financial aid programs, and should ensure that institutional financial aid be provided at a rate compatible with tuition increases.
- The state provide sufficient state resources to (1) offer top-quality programs, (2) fully fund new enrollments to meet growing demand, and (3) improve state financial aid and scholarship programs. The state should provide increased funding for financial aid programs to reflect tuition increases and improvements in other student assistance programs.
- The public colleges and universities continue to seek ways to be more efficient and effective with their resources.
- The Board join with the Governor's office, the Legislature, and the institutions of higher education to further study the relationships between policies of state support, tuition and financial aid in the HECB 2004 Master Plan. Part of this ongoing study of funding policies should be a description by the institutions of how changes in tuition affect the demographic and socioeconomic composition of their student body and how additional state and tuition funds they receive in each biennium are used—and the benefits that result.

For the purposes of providing cost estimates for financial aid recommendations, these budget recommendations include calculations assuming a 6.75 percent tuition increase in each year of the biennium. This assumption is based on the long-term historical average of tuition increases calculated by the actuaries for use in establishing the price for the Guaranteed Education Tuition (GET) program.

Section 6. The Funding Gap

The total resource needs to achieve the goals set forth above are:

Increased Enrollment	\$204 million
Core Support on per-student basis	\$797 million
Financial Aid	\$103 million
Total	\$1,104 million

This funding gap identifies the financial need to equip higher education with the tools necessary to provide a quality educational experience to the students of Washington State. However, the HECB recognizes the financial conditions facing the state and proposes closing this funding gap over time, as suggested in HECB operating budget recommendations in prior biennia. An option for phasing these recommendation follows:

- Limit new enrollments in the public four-year institutions to the levels proposed in the budget requests of the four-year institutions. This action would reduce the HECB-identified funding need by \$32 million in the 2003-2005 biennium.
- Increase core support funding per student up to the peer averages in equal increments over two biennia. This action would reduce the HECB-identified funding need by \$413 million in the 2003-2005 biennium.
- These combined phasing actions would reduce the 2003-2005 biennium HECB-identified funding need to reach the HECB goals to \$659 million.

The Higher Education Coordinating Board makes these recommendations, believing a healthy higher education system is the bedrock of social and economic progress, and that the state of Washington will step up to its commitment to fully support higher education. Higher education expands and enriches the lives of our citizens. It helps both the state and the individual by building a foundation of support for an educated citizenry that fully participates in a democratic society.

"Sizing the Problem"

2003-05 Biennium Dollars in Millions

Revenues:

2003-05 Revenue Forecast (September 2002)	\$22,700
12.2 Percent	\$2,769

Expenditures:

Higher Education Budget Requests		
		Amount Over 2001-03
Current 2001-03 Biennium	\$2,734	
2003-05 Maintenance Level	\$2,751	\$17
Policy Adds (priced)		
Enrollments	\$124	
Core funding (UW and WSU)	\$96	
Part-time faculty salaries (CTC)	\$20	
Financial aid (HECB)	\$20	
Other	\$35	
Subtotal Budget Requests	\$295	\$312
Unpriced Policy Adds		
Faculty Salaries	\$80	
At the comprehensives and the SBCTC; faculty salaries for the research universities are included in the core funding proposal;		
assumes COLAs of 2.1%/2.4% plus recruitment and retention		
funds of 3% each year		
Financial Aid	\$27	
Assumes annual tuition increases of 6.75% and 6.75% in the		
2003-05 biennium		
Total request 2003-05	\$3,153	\$419

2003-05 Institutional and HECB Budgets		
Based on Benchmarks and Board Policies		
Additional enrollments to maintain participation rates	\$204	\$204
Maintain current service levels (Fall 2000 participation rate) plus		
providing targeted expansions in workforce training and high-demand		
fields - adds 15,571 FTE students by FY 2005		
Current enrollments funded at benchmarks	\$3,267	\$797
Budgeted 2002-03 enrollments funded at the peer averages beginning		
2003-04		
Financial aid funding at HECB policy levels	\$367	\$103
Full funding of the financial aid programs including the State Need		
Grant awards to cover the full cost of tuition and serving students up		
to 65% of the state's median family income and the Promise		
Scholarship award equal to the full CTC tuition		
Total Operating Budget	\$3,838	\$1,104

2003-2005 HIGHER EDUCATION CAPITAL BUDGET

Summary of Institution Request

As shown in Table I, the public universities and colleges are seeking \$1.02 billion in new capital project appropriations for the 2003-2005 biennium. Of this total request amount, \$94 million is requested from the Education Construction Fund, \$779 million in state bonds, and \$149 million from all other local funds. ²

This proposed spending level is significantly higher than the higher education capital budget adopted for the current 2001-2003 biennium. Specifically, the 2001-2003 capital budget contained a total of \$650 million in new capital spending for higher education. Of that amount, \$414 million came from state bonds, \$109 million from the Education Construction Fund, and \$127 million from local capital project accounts.

Table I

	Ed. Construction Fund	State Bonds	All Other Funds	Total All Funds	
	\$	\$	\$	\$	
University of Washington	\$0	\$158,065,516	\$38,000,000	\$196,065,516	
Washington State University	\$0	\$130,048,000	\$38,425,000	\$168,473,000	
Eastern Washington University	\$0	\$45,343,310	\$11,316,325	\$56,659,635	
Central Washington University	\$0	\$54,874,000	\$7,589,100	\$62,463,100	
The Evergreen State College	\$0	\$30,350,000	\$8,500,000	\$38,850,000	
Western Washington University	\$0	\$34,932,389	\$8,050,000	\$42,982,389	
Sub-Total: Four Year Institutions	\$0	\$453,613,215	\$111,880,425	\$565,493,640	
Community and Technical Colleges	\$94,283,917	\$325,380,561	\$37,000,000	\$456,664,478	
TOTAL	\$94,283,917	\$778,993,776	\$148,880,425	\$1,022,158,118	

This requested capital spending level reflects two important changes from prior biennium requests. First, the community and technical colleges' total request of \$457 million is significantly higher than the amount requested in the current biennium (\$283 million). This proposed increase in capital spending reflects a priority on continuing to alleviate significant space shortages at the campuses and, concurrently, to meaningfully address the severe backlog of replacement and renovation needs at the colleges.

¹ Appendix A provides the detail of the institutions specific capital project requests.

² The Education Construction Fund receives revenue from the state's Lottery and is dedicated for common school and higher education construction projects. State bonds are General Obligation bonds which are limited under the statutory debt limit. Local funds are primarily institutional capital project accounts which receive funds from tuition/building fees and timber trust proceeds.

Second, the four-year institutions total request of \$565 is significantly lower than the 2001-2003 total request of \$800 million. This change reflects an increased concentration on and commitment to addressing the preservation needs of existing facilities while limiting new construction initiatives. While some facility growth is proposed for the branch campuses and higher education centers, the four-year institutions, like the community and technical colleges, are placing high priority on restoring their existing physical plant.

HECB Prioritization Of The Budget Request

For the 2001-2003 biennium budget process, the Higher Education Coordinating Board (HECB) was asked by the Chair of the Senate Ways and Means Committee and the Co-Chairs of the House Capital Budget Committee to take a new approach in developing the Board's biennial capital budget recommendations. Specifically, the Board was asked to develop a methodology to prioritize and rank capital project requests both within and across the two- and four-year institutions. This statewide perspective on capital needs, as expressed through the integrated rankings, is **not a substitute** or alternative to the institutions' own budget priorities. Rather, this method is intended to provide an additional perspective to assist the Legislature and Governor in making important capital funding decisions.

To arrive at the integrated project rankings, the Board uses a Capital Project Evaluation Model which categorizes and scores projects based upon capital priorities related to key initiatives of the state's Comprehensive Master Plan for Higher Education.³

The policy framework for deriving the integrated prioritized list of the capital projects places the highest priority (Categories 1-4) on protecting and preserving the physical and academic quality of the existing capital assets of the universities and colleges. Following these projects, priority is placed on alleviating existing space shortages and adding capacity for future enrollment demand (Category 5), meeting capital needs for areas of high program demand (Category 6), and supporting investments to promote institutional competitiveness (Category 7). Projects whose deferral for one biennium would not jeopardize safety or program quality are placed in Category 8.

Table II and Illustration 1 show the distribution of the 2003-2005 higher education capital budget request by the HECB project priority categories. As is shown, nearly half (45 percent) of the institutions' total capital project requests are for major building replacement, renovation, and infrastructure improvements (\$452 million). An additional \$136 million, or 13 percent of the total request, is for critical repairs and emergency contingency, while \$122 million (12 percent of the total request) is for minor improvements and equipment acquisition.⁴

⁴ Appendix C provides the institutional summary of the project requests by the HECB priority categories and fund

source.

³ See Appendix B for the Capital Project Evaluation Model.

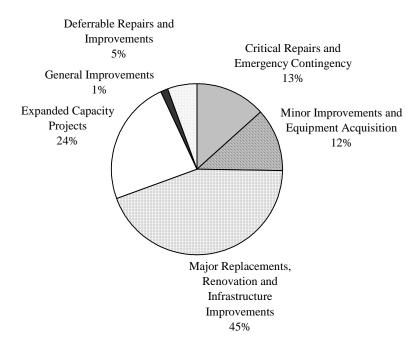
Capital projects to expand capacity by providing new space constitute 24 percent of the total request (\$242 million). Nearly two-thirds (64 percent) of this amount is being requested by the community and technical colleges to address existing space shortages and to accommodate increased enrollment demand. Most of the four-year institutions' request for expanding capacity (\$88 million) is for new construction projects at the branch campuses and centers (about \$60 million).

Appendix D provides the detail of the specific project categorization and rankings. The projects are ranked first by the HECB project score. Projects with equal scores are then listed by institution in alphabetical order and then by institutional priority.

Table II

	Ed. Construction Fund	State Bonds	All Other	Total	
	Tunu	Donas	Other		
Critical Repairs and Emergency Contingency	\$0	\$86,926,164	\$49,050,000	\$135,976,164	
Minor Improvements and Equipment Acquisition	\$20,040,317	\$58,794,379	\$43,155,425	\$121,990,121	
Major Replacements, Renovation & Infrastructure Improvement	\$25,180,600	\$371,406,175	\$55,250,000	\$451,836,775	
Expanded Capacity Projects	\$0	\$242,423,058	\$0	\$242,423,058	
General Improvements	\$0	\$14,044,000	\$450,000	\$14,494,000	
Deferrable Repairs and Improvements	\$49,063,000	\$5,400,000	\$975,000	\$55,438,000	
Total 2003-2005 Request	\$94,283,917	\$778,993,776	\$148,880,425	\$1,022,158,118	

Illustration 1



HECB Funding Recommendation

The Board believes that the 2003-2005 capital budget for higher education must address three critical needs. The budget should:

- Provide a significant initial step in addressing the backlog of preservation, renewal, and replacement needs of higher education facilities (estimated in excess of \$1.3 billion).
- Fund numerous projects in the community and technical colleges to alleviate critical space deficiencies and overcrowding.
- Allow for the completion of major construction projects at the comprehensive institutions and the branch campuses.

Accordingly, the Board recommends that capital projects falling in HECB categories 1 through 5 be authorized in the 2003-2005 biennium. The total amount for these projects, as requested by the institutions, is \$952 million.

While the technical project review provided by the Office of Financial Management in preparation of the Governor's proposed capital budget will identify opportunities to reduce the costs of the requested projects, it is clear that, based upon historical capital appropriation levels,

additional revenue will be needed to achieve the important higher education capital priorities identified above.

Specifically, higher education has in recent biennia received about one-half of new state bonds authorized by the legislature each biennium. Additionally, in the 2001-2003 biennium, higher education received about 42 percent of the Education Construction Fund. Using these percentage "shares", Table III provides an estimate of the revenue available to higher education from these sources as well as the institutions' local dedicated construction accounts for the 2003-2005 biennium.

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	Ed. Construction Fund	State Bonds	All Other Higher Ed. Funds	Total
Total Estimated 2003-2005 Revenue	\$125,000,000	\$925,000,000	\$149,000,000	NA
2003-2005 Higher Education Share Estimate	\$52,500,000	\$462,500,000	\$149,000,000	\$664,000,000

If these "share" estimates are realized, a shortfall of approximately \$300 remains. To address this gap, the Board has identified two alternatives. First, the Governor and Legislature could consider a one-time increase in the statutory debt-limit⁵ to raise an additional \$300 million. While this would represent a very small and marginal increase in the statutory debt limit (less than ¾ of one percent), this alternative is problematic since it would add to general fund debt service, thus exacerbating current and projected general fund revenue shortfalls.

A second option, which is favored by the Board, is to issue \$300 million in reimbursable bonds, not subject to the statutory debt limit, to be serviced from the Education Construction Fund. Assuming 6 percent interest and a term of 25 years, the annual debt service on these bonds would be about \$23 million, or \$46 per biennium. This biennial debt service represents 37 percent of the funds estimated 2003-2005 revenue. In the 2001-2003 biennium, higher education received about 42 percent of the total fund.

The Education Construction Fund bond authorization would provide a **one-time infusion** of capital which, when combined with the recommended spending levels from General Obligation Bonds and local institutional funds, would provide a meaningful response to meeting the critical capital needs of higher education.

⁵ Statute limits the amount of debt service that can be paid in any fiscal period to 7% of the average of the prior three years general fund revenue.

Since the Education Construction Fund can only be used for capital projects in the common schools and higher education, this alternative would have **no impact on the state's general fund**. Additionally, this one-time infusion of needed capital will extend the Governor's and Legislature's Economic Stimulus Initiative by creating jobs throughout every region of the state.

Should additional revenue not be available, the Board believes that a balanced approach to funding the highest priority replacement and renovation projects (Category 4) and the most critical expanded capacity projects (Category 5) should be taken.

Appendix A Institutional Project Request Detail

2003 - 2005 CAPITAL BUDGET REQUEST UNIVERSITY OF WASHINGTON

	INST.	HEC	В			2003-2005 B	IENNIUM	
Project	Priority	Category	Score	PHASE	ED. CONST.	G.O. BONDS	OTHER	Total
Johnson Hall Renovation	1	4	94	Construction		\$50,352,025		\$50,352,025
Urgent Deferred Renewal/Modernization	2	2	98	Design/Cnst.		\$50,000,000	\$10,000,000	\$60,000,000
Campus Communications Infrastructure	3	4	94	Design/Cnst.		\$5,000,000	\$15,000,000	\$20,000,000
Guggenheim Hall Renovation	4	4	94	Design		\$3,312,000		\$3,312,000
Architecture Hall	5	4	94	Design		\$2,634,000		\$2,634,000
HSC H Wing - Infrastructure	6	3	96	Design/Cnst.		\$4,996,716		\$4,996,716
Major Renovation	7	4	94	Predesign		\$1,000,000		\$1,000,000
Emergency Power Expansion	8	2	98	Design/Cnst.		\$14,461,164		\$14,461,164
Facilities Adaptation for New Programs	9	4	94	Design/Cnst.		\$18,244,095	\$13,000,000	\$31,244,095
UW Bothell/Cascadia Offramp	10	5	87	Construction		\$8,065,516		\$8,065,516
					\$0	\$158,065,516	\$38,000,000	\$196,065,516

2003 - 2005 CAPITAL BUDGET REQUEST WASHINGTON STATE UNIVERSITY

	INST.		HECB			2003-2005 BI	ENNIUM	
Project	Priority	Category	Score	PHASE	ED. CONST.	G.O. BONDS	OTHER	Total
			_					
Johnson Hall Addition - Plant Bioscience Building	1	4	94	Construction		\$35,200,000	\$10,000,000	\$45,200,000
Education Addition (Cleveland) - New Facility	2	4	94	Construction		\$11,160,000		\$11,160,000
Biotechnology Life Sciences - New Facility	3	4	94	Design		\$3,500,000	\$3,000,000	\$6,500,000
Biomedical Sciences - New Facility	4	4	94	Predesign			\$250,000	\$250,000
Campus Infrastructure - Preservation	5	3	96	Design/Cnst.		\$11,500,000		\$11,500,000
Wastewater Reclamation Project - Infrastructure	6	4	94	Design/Cnst.		\$10,713,000		\$10,713,000
Minor Capital Improvements	7	3	96	Design/Cnst.			\$7,500,000	\$7,500,000
Minor Capital Preservation/Renewal	8	3	96	Design/Cnst.		\$3,775,000	\$4,225,000	\$8,000,000
Minor Capital Safety, Security, Environment	9	2	98	Design/Cnst.		\$3,000,000		\$3,000,000
Equipment Omnibus Appropriation	10	3	96	Acquisition			\$8,000,000	\$8,000,000
WSUnet Infrastructure	11	4	94	Design/Cnst.			\$4,000,000	\$4,000,000
Hazardous Waste Facilities	12	2	98	Design/Cnst.		\$3,000,000		\$3,000,000
Holland Library Renovation	13	7	77	Design		\$3,300,000		\$3,300,000
Facilities Services Center	14	7	78	Construction		\$3,000,000		\$3,000,000
Public Safety Building	15	8	74	Construction		\$3,000,000		\$3,000,000
Hospital Renovation	16	7	76	Predesign			\$300,000	\$300,000
Minor Capital Projects - Statewide	17	3	96	Design/Cnst.			\$1,000,000	\$1,000,000
Spokane - Academic Center Building	18	5	86	Construction		\$32,500,000		\$32,500,000
Vancouver - Utilities, Infrastructure	19	3	96	Design/Cnst.		\$4,300,000		\$4,300,000
TriCities Bioproducts & Sciences Building	20	7	76	Predesign			\$150,000	\$150,000
Spokane - Riverpoint Nursing Building	21	5	84	Predesign		\$600,000		\$600,000
Prosser - Multi-Purpose Building	22	4	94	Design/Cnst.		\$1,500,000		\$1,500,000
					\$0	\$130,048,000	\$38,425,000	\$168,473,000

2003 - 2005 CAPITAL BUDGET REQUEST EASTERN WASHINGTON UNIVERSITY

	INST.		HECB		2003-2005 BIENNIUM						
Project	Priority	Category	Score	PHASE	ED. CONST.	G.O. BONDS	OTHER	Total			
Computer & Engineering Sciences (Cheney Hall)	1	4	94	Construction		\$19,000,482	\$5,000,000	\$24,000,482			
Senior Hall renovation - Phase I	2	4	94	Construction		\$6,816,165		\$6,816,165			
Campus Network	3	4	94	Design/Cnst.		\$1,500,000		\$1,500,000			
Infrastructure Preservation	4	3	96	Design/Cnst.		\$4,205,000		\$4,205,000			
HVAC Systems Preservation & Upgrades	5	3	96	Design/Cnst.		\$4,530,000		\$4,530,000			
Electrical Systems Preservation & Upgrade	6	3	96	Design/Cnst.		\$1,112,000		\$1,112,000			
Water Systems Preservation & Upgrade	7	3	96	Design/Cnst.		\$2,630,000		\$2,630,000			
Visitors Center	8	8	74	Construction			\$975,000	\$975,000			
Campus Roof Replacements	9	3	96	Design/Cnst.		\$1,549,663		\$1,549,663			
Minor Works - Preservation	10	3	96	Design/Cnst.		\$1,500,000	\$4,000,000	\$5,500,000			
Classroom Renewal	11	3	96	Design/Cnst.		\$1,000,000	\$691,325	\$1,691,325			
Campus Security Systems	12	8	74	Design/Cnst.		\$1,000,000		\$1,000,000			
Minor Works - Program	13	3	96	Design/Cnst.		\$500,000	\$650,000	\$1,150,000			
					\$0	\$45,343,310	\$11,316,325	\$56,659,635			

2003 - 2005 CAPITAL BUDGET REQUEST CENTRAL WASHINGTON UNIVERSITY

	INST.		HECB			2003-2005 BIEN		
Project	Priority	Category	Score	PHASE	ED. CONST.	G.O. BONDS	OTHER	Total
Music Facility - Phase II	1	5	89	Construction		\$14,000,000		\$14,000,000
Minor Works - Health, Safety, Code Compliance	2	2	98	Design/Cnst.		+,,	\$950,000	\$950,000
Minor Works - Facility Preservation	3	3	96	Design/Cnst.			\$1,163,500	\$1,163,500
Minor Works - Infrastructure	4	3	96	Design/Cnst.			\$1,561,200	\$1,561,200
Minor Works - Program	5	3	96	Design/Cnst.			\$3,914,400	\$3,914,400
Utility Upgrade	6	4	94	Design/Cnst.		\$9,580,000	. , ,	\$9,580,000
Dean Hall	7	4	94	Design		\$4,900,000		\$4,900,000
Hogue Technology Renovation & Addition	8	4	94	Predesign		\$150,000		\$150,000
DesMoines (Highline) Facility	16	5	89	Construction		\$10,000,000		\$10,000,000
Nicholson Pavilion Air Quality/Asbestos	9	3	96	Design/Cnst.		\$3,500,000		\$3,500,000
Seismic Life Safety Improvements	10	2	98	Design/Cnst.		\$1,000,000		\$1,000,000
Peterson Hall HVAC Improvements	11	7	78	Design/Cnst.		\$1,091,000		\$1,091,000
Farrell Technology Upgrade	12	7	78	Design/Cnst.		\$1,053,000		\$1,053,000
East Entry/Wilson Creek	13	8	74	Design/Cnst.		\$1,400,000		\$1,400,000
Psychology Building Remodel & Tech. Upgrade	14	7	78	Design/Cnst.		\$3,600,000		\$3,600,000
Cogeneration	15	7	78	Design/Cnst.		\$2,000,000		\$2,000,000
Wenatchee Facility	17	5	86	Design/Cnst.		\$1,500,000		\$1,500,000
Moses Lake Facility	18	5	86	Design/Cnst.		\$1,100,000		\$1,100,000
					\$0	\$54,874,000	\$7,589,100	\$62,463,100

2003 - 2005 CAPITAL BUDGET REQUEST THE EVERGREEN STATE COLLEGE

	INST.	HEC	CB		2003-2005 BIENNIUM							
Project	Priority	Category	Score	PHASE	ED. CONST.	G.O. BONDS	OTHER	Total				
Emergency Repairs	1	2	98	Design/Cnst.			\$600,000	\$600,000				
Life Safety/Code Compliance	2	2	98	Design/Cnst.			\$2,500,000	\$2,500,000				
Minor Works Preservation	3	3	96	Design/Cnst.		\$4,350,000		\$4,350,000				
Infrastructure Preservation	4	3	96	Design/Cnst.			\$1,550,000	\$1,550,000				
Seminar II Construction	5	5	92	Construction		\$4,500,000		\$4,500,000				
Evans Bldg.	6	4	94	Construction		\$21,500,000		\$21,500,000				
Minor Works: Program	7	3	96	Design/Cnst.			\$850,000	\$850,000				
Lab II 3rd Floor - Chemistry Labs Remodel	8	4	94	Construction			\$3,000,000	\$3,000,000				
					\$0	\$30,350,000	\$8,500,000	\$38,850,000				

2003 - 2005 CAPITAL BUDGET REQUEST WESTERN WASHINGTON UNIVERSITY

	INST.	. НЕСВ				2003-2005 BIENNIUM				
Project	Priority	Category	Score	Type	Phase	PHASE	ED. CONST.	G.O. BONDS	OTHER	Total
					_					
Campus Infrastructure Development	1	4	94	2	3	Design/Cnst.		\$2,819,000		\$2,819,000
Campus Roadway Development	2	4	94	2	1	Predesign		\$329,000		\$329,000
Communications Facility	3	5	92	2	4	Construction		\$4,000,000		\$4,000,000
Academic Instructional Center	4	5	91	2	2	Design		\$5,618,000		\$5,618,000
Minor Works: Preservation and Safety	5	2	98	1	3	Design/Cnst.		\$1,965,000		\$1,965,000
Minor Works: Infrastructure	6	3	96	1	3	Design/Cnst.		\$1,905,000		\$1,905,000
Minor Works: Facility Preservation	7	3	96	1	3	Design/Cnst.		\$5,725,000		\$5,725,000
Minor Works: Program	8	3	96	2	3	Design/Cnst.		\$1,716,000	\$8,050,000	\$9,766,000
Recreation/PE Fields II	9	4	94	2	3	Design/Cnst.		\$4,482,060		\$4,482,060
Undergraduate Center	10	5	92	2	3	Design/Cnst.		\$4,998,329		\$4,998,329
Carver Gymnasium Renovation	11	4	94	2	1	Predesign		\$375,000		\$375,000
Facility and Property Acquisition	12	5	84	2	5	Acquisition		\$1,000,000		\$1,000,000
							\$0	\$34,932,389	\$8,050,000	\$42,982,389

2003 - 2005 CAPITAL BUDGET REQUEST COMMUNITY AND TECHNICAL COLLEGES

2003-2005 BIENNIUM

					2003-2005 B		
Project	Priority	Category	PHASE	ED. CONST.	G.O. BONDS	OTHER	Total
Minor Works Preservation (RMI)	1	2	Design/Cnst.		\$ 13,500,000		\$ 13,500,000
Campus Childcare Center	2	5	Design/Cnst.		\$ 500,000		\$ 500,000
High Demand Technology Labs	3	5	Design/Cnst.		\$ 500,000		\$ 500,000
Redmond Campus Property Purchase	4	5	Acquisition		\$ 500,000		\$ 500,000
Community Resource Center w/ PASD	5	5	Design/Cnst.		\$ 500,000		\$ 500,000
Roof Repair A	6	2	Design/Cnst.			\$ 7,265,677	\$ 7,265,677
Facility Repair A	7	2	Design/Cnst.			\$ 22,428,699	\$ 22,428,699
Site Repair A	8	2	Design/Cnst.			\$ 5,305,624	\$ 5,305,624
Portable Replacement (Construction Phase)	9	4	Construction			\$ 2,000,000	\$ 2,000,000
Science and Technology Center	10	4	Construction		\$ 22,098,000		\$ 22,098,000
Stout Hall/Basic Education Program (AA3)	11	4	Construction		\$ 4,049,889		\$ 4,049,889
Portables (5A, 21A, 21B, and 6A)/Fitness Lab	12	4	Construction		\$ 2,622,000		\$ 2,622,000
Sunquist & Anthon Hall - Classroom Bldg	13	4	Construction		\$ 4,960,100		\$ 4,960,100
North Plaza Replacement	14	4	Construction	\$ 4,976,200			\$ 4,976,200
Sundquist Annex	15	4	Construction		\$ 3,852,700		\$ 3,852,700
AA-5/Classrooms and Vocational Labs	16	4	Construction		\$ 3,872,413		\$ 3,872,413
Monte Cristo - Physics/Chemistry	17	4	Construction		\$ 7,352,000		\$ 7,352,000
Health Sciences and Wellness Center	18	4	Construction		\$ 4,928,802		\$ 4,928,802
T Building Renovation/Med Tech Center	19	4	Construction		\$ 6,058,500		\$ 6,058,500
Renovate Building D/Library & Media	20	4	Construction	\$ 13,418,700			\$ 13,418,700
Arts and Sciences Building Remodel	21	4	Construction	\$ 6,785,700			\$ 6,785,700
Minor Works Program	22	3	Design/Cnst.	\$ 20,040,317			\$ 20,040,317
Vocational/Classroom/Childcare	23	5	Construction		\$ 23,374,774		\$ 23,374,774
Classroom/Labs	24	5	Construction		\$ 10,932,400		\$ 10,932,400
Higher Education Center/Child Care	25	5	Construction		\$ 21,052,400		\$ 21,052,400
Humanities Complex	26	5	Construction		\$ 17,350,248		\$ 17,350,248
WSU Vancouver	27	5	Construction		\$ 18,009,800		\$ 18,009,800
Instructional Tech	28	5	Construction		\$ 17,236,600		\$ 17,236,600
Computer Labs	29	5	Construction		\$ 10,984,800		\$ 10,984,800
Informational Tech	30	5	Construction		\$ 14,531,900		\$ 14,531,900
LRC/Vocational	31	5	Design		\$ 1,796,206		\$ 1,796,206
Instructional Labs	32	5	Design		\$ 2,939,060		\$ 2,939,060
Science Building	33	5	Design		\$ 2,396,409		\$ 2,396,409

2003 - 2005 CAPITAL BUDGET REQUEST COMMUNITY AND TECHNICAL COLLEGES

Project	Priority	Category	PHASE	ED. CONST.	G.O. BONDS	OTHER	Total
Science Building	34	5	Design		\$ 2,379,000		\$ 2,379,000
Laboratory Addition	35	5	Design		\$ 573,000		\$ 573,000
Replace 200/400/600 Building with New	36	4	Design		\$ 1,263,300		\$ 1,263,300
Replace Glacier/Pilchuck - Visual/Performing Arts	37	4	Design		\$ 1,311,700		\$ 1,311,700
East County Satellite - Phase 1	38	5	Predesign		\$ 300,000		\$ 300,000
Science and Technology Building	39	5	Predesign		\$ 90,000		\$ 90,000
Communication Arts & Allied Health	40	5	Predesign		\$ 150,000		\$ 150,000
Undergraduate Educational Center	41	5	Predesign		\$ 126,000		\$ 126,000
Center for the Arts, Technology, & Global Inter.	42	5	Predesign		\$ 159,900		\$ 159,900
Science and Technology Center	43	4	Predesign		\$ 190,000		\$ 190,000
Science Complex	44	5	Predesign		\$ 93,200		\$ 93,200
Replace MA, LW, K, & W - Science & Tech	45	4	Predesign		\$ 82,800		\$ 82,800
Multiple Building Replacement/Science	46	4	Design/Cnst.		\$ 5,256,600		\$ 5,256,600
Portable Replacement/ESL Continuing Ed	47	4	Design/Cnst.		\$ 4,882,200		\$ 4,882,200
Health Science Facility	48	4	Design/Cnst.		\$ 7,261,400		\$ 7,261,400
Broadway Edison First Floor/Student Services	49	4	Design/Cnst.		\$ 4,995,800		\$ 4,995,800
Montlake Terrace Hall Renovation	50	4	Design/Cnst.		\$ 8,827,030		\$ 8,827,030
East and West Building Renovation	51	4	Design/Cnst.		\$ 4,420,800		\$ 4,420,800
Renovate Building 7/ Multi-media, etc.	52	4	Design/Cnst.		\$ 4,988,000		\$ 4,988,000
Bldgs 124/124B/125 Pastry/Baking Program	53	4	Design/Cnst.		\$ 2,613,100		\$ 2,613,100
Science Building Replacement	54	4	Design/Cnst.		\$ 15,721,600		\$ 15,721,600
Welding/Auto Collision Building	55	4	Design/Cnst.		\$ 16,838,000		\$ 16,838,000
Replace FAB, IOB, VCA/Fine Arts Instruction	56	4	Design/Cnst.		\$ 18,473,314		\$ 18,473,314
Portable Replacement Project	57	4	Design		\$ 419,300		\$ 419,300
Roof Repair B	58	8	Design/Cnst.	\$ 9,950,000			\$ 9,950,000
Facility Repair B	59	8	Design/Cnst.	\$ 32,705,000			\$ 32,705,000
Site Repair B	60	8	Design/Cnst.	\$ 6,408,000			\$ 6,408,000
South Access	61	5	Construction		\$ 8,065,516		\$ 8,065,516
				\$94,283,917	\$325,380,561	\$37,000,000	\$456,664,478

Appendix B HECB Capital Project Evaluation Model

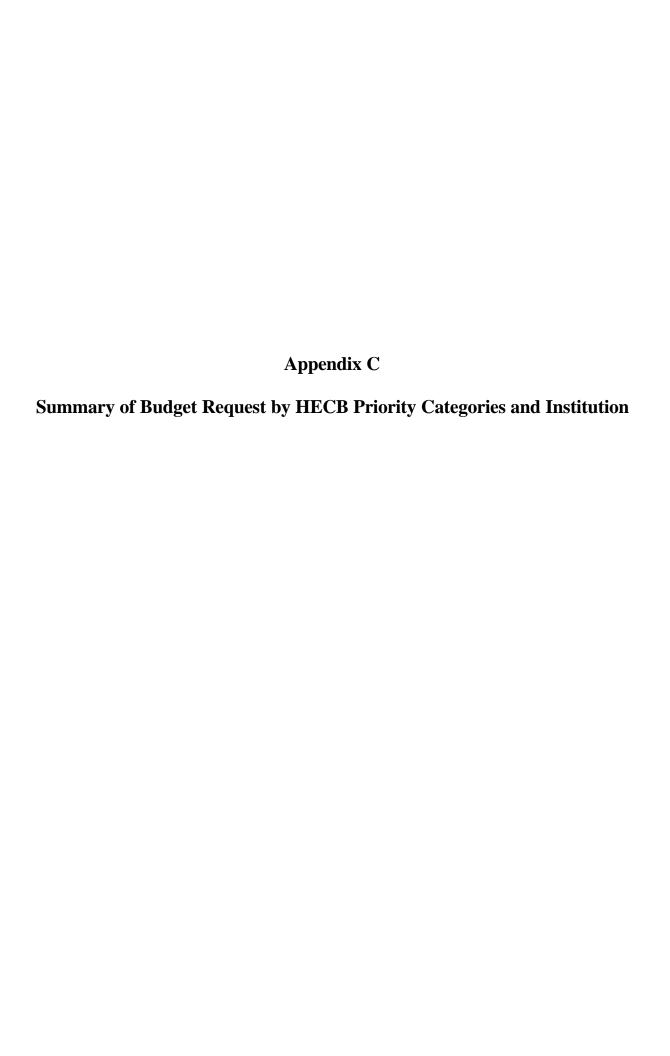
HECB CAPITAL PROJECT EVALUATION MODEL

MASTER PLAN INITIATIVE		PROJECT TYPE	SCORE
Promote the Efficient and Effective Use of Public	1	Emergency Repairs and Non-Deferrable Regulatory Compliance	100
Resources in Providing a Quality Learning		A. Funding proposals to respond to existing emergency repair and replacement needs.	
Environment		B. Line-item project requests or projects within an omnibus appropriation request whose funding is proposed in response to emergency conditions and/or a law or code that requires compliance within the 2001-2003 biennium to avoid (a) the closure of facilities essential for the delivery of programs and operations, or (b) the assessment of fines or other punitive actions.	
	2	Critical Repairs and Emergency Contingency A. Contingency appropriation to address emergent life/safety needs in the 2003-2005 biennium.	98
		B. Omnibus appropriation requests whose deferral would jeopardize: 1. The ability to operate or occupy campus systems and space 2. Compliance with building occupancy codes 3. Program accreditation	
	3	Minor Improvements and Equipment Acquisitions Line-item projects less than \$7.5 million or those projects within an omnibus appropriation request which are needed to sustain an acceptable level of program quality or facility operations	96
	4	Major Replacements, Renovations, and Infrastructure Improvements Renovation, replacement or upgrade of existing space or infrastructure needed to sustain an acceptable level of program quality for current or projected enrollment	94
Reaffirm the State's Commitment to Opportunity in Higher Education	5	Expanded Capacity Projects Projects which support the enrollment goals of the 2000 master plan by creating additional capacity at locations: (A) Where existing enrollment is in excess of instructional space capacity	84 – 92
		Construction Phase Projects	92
		Design Phase Projects	91
		Predesign Phase Projects (B) Serving regions/programs of near-term projected enrollment demand in excess of existing capacity	90
		Construction Phase Projects	89
		Design Phase Projects	88
		Predesign Phase Projects (C) Where additional capacity will accommodate longer-term regional/program growth/demand needs	87
		Construction Phase Projects	86
		Design Phase Projects	85
		Predesign Phase Projects	84

HECB CAPITAL PROJECT EVALUATION MODEL

MASTER PLAN	PROJECT TYPE	SCORE
INITIATIVE		

Support the Delivery of High Demand Programs	6	Program Specific Improvements Improvements (renovation or new construction) needed to house high demand vocational/degree programs	80-82
		Construction Phase Projects	82
		Design Phase Projects	81
		Predesign Phase Projects	80
Support Institutional Competitiveness	7	General Improvements Improvements (renovation or new construction) or acquisitions needed to support "mission critical" space and infrastructure needs	76-78
		Construction Phase Projects	78
		Design Phase Projects	77
		Predesign Phase Projects	76
Prioritize Expenditures Within Recognized Fiscal Constraints	8	Deferrable Repairs and Improvements Line-item projects which could be deferred one biennium without jeopardizing: 1. The ability to operate or occupy campus systems and space 2. Compliance with building accessibility and occupancy codes 3. Program accreditation 4. An acceptable level of program quality or facility operations 5. Near or longer-term enrollment demand	74



2003-2005 HIGHER EDUCATION CAPITAL BUDGET REQUEST BY HECB PRIORITY CATEGORIES AND INSTITUTION

	Education C	Education Construction Fund			Bonds		All O	ther Funds		Total			
	Request	Percei	nt of	Request	Percei	nt of	Request	Percen	nt of	Request	Perce	nt of	
	Amount	CategoryFi	and Total	Amount	CategoryF	und Total	Amount	Category Fu	und Total	Amount	Category F	und Total	
Critical Repairs & Emergency Contin	ngency												
Community and Technical Colleges	\$0	0%	0%	\$13,500,000	16%	2%	\$35,000,000	71%	24%	\$48,500,000	36%	5%	
Central Washington University	\$0	0%	0%	\$1,000,000	1%	0%	\$950,000	2%	1%	\$1,950,000	1%	0%	
The Evergreen State College	\$0	0%	0%	\$0	0%	0%	\$3,100,000	6%	2%	\$3,100,000	2%	0%	
University of Washington	\$0	0%	0%	\$64,461,164	74%	8%	\$10,000,000	20%	7%	\$74,461,164	55%	7%	
Washington State University	\$0	0%	0%	\$6,000,000	7%	1%	\$0	0%	0%	\$6,000,000	4%	1%	
Western Washington University	\$0	0%	0%	\$1,965,000	2%	0%	\$0	0%	0%	\$1,965,000	1%	0%	
Category Total	\$0	0%	0%	\$86,926,164	100%	11%	\$49,050,000	100%	33%	\$135,976,164	100%	13%	
Minor Improvements and Equipment	Acquisition												
Community and Technical Colleges	\$20,040,317	100%	21%	\$0	0%	0%	\$0	0%	0%	\$20,040,317	16%	2%	
Central Washington University	\$0	0%	0%	\$3,500,000	6%	0%	\$6,639,100	15%	4%	\$10,139,100	8%	1%	
Eastern Washington University	\$0	0%	0%	\$17,026,663	29%	2%	\$5,341,325	12%	4%	\$22,367,988	18%	2%	
The Evergreen State College	\$0	0%	0%	\$4,350,000	7%	1%	\$2,400,000	6%	2%	\$6,750,000	6%	1%	
University of Washington	\$0	0%	0%	\$4,996,716	8%	1%	\$0	0%	0%	\$4,996,716	4%	0%	
Washington State University	\$0	0%	0%	\$19,575,000	33%	3%	\$20,725,000	48%	14%	\$40,300,000	33%	4%	
Western Washington University	\$0	0%	0%	\$9,346,000	16%	1%	\$8,050,000	19%	5%	\$17,396,000	14%	2%	
Category Total	\$20,040,317	100%	21%	\$58,794,379	100%	8%	\$43,155,425	100%	29%	\$121,990,121	100%	12%	
Major Replacements, Renovation and	l Infrastructure	e Improvei	nents										
Community and Technical Colleges	\$25,180,600	100%	27%	\$157,339,348	42%	20%	\$2,000,000	4%	1%	\$184,519,948	41%	18%	
Central Washington University	\$0	0%	0%	\$14,630,000	4%	2%	\$0	0%	0%	\$14,630,000	3%	1%	
Eastern Washington University	\$0	0%	0%	\$27,316,647	7%	4%	\$5,000,000	9%	3%	\$32,316,647	7%	3%	
The Evergreen State College	\$0	0%	0%	\$21,500,000	6%	3%	\$3,000,000	5%	2%	\$24,500,000	5%	2%	
University of Washington	\$0	0%	0%	\$80,542,120	22%	10%	\$28,000,000	51%	19%	\$108,542,120	24%	11%	
Washington State University	\$0	0%	0%	\$62,073,000	17%	8%	\$17,250,000	31%	12%	\$79,323,000	18%	8%	
Western Washington University	\$0	0%	0%	\$8,005,060	2%	1%	\$0	0%	0%	\$8,005,060	2%	1%	
Category Total	\$25,180,600	100%	27%	\$371,406,175	100%	48%	\$55,250,000	100%	37%	\$451,836,775	100%	45%	

2003-2005 HIGHER EDUCATION CAPITAL BUDGET REQUEST BY HECB PRIORITY CATEGORIES AND INSTITUTION

	Education (Education Construction Fund			State Bonds			her Funds		Total			
	Request	Perce	nt of	Request	Perce	ent of	Request	Percei	nt of	Request	Perce	nt of	
	Amount	CategoryF	und Total	Amount	CategoryF	und Total	Amount	Category F	und Total	Amount	Category F	und Total	
Expanded Capacity Projects													
Community and Technical Colleges	\$0	0%	0%	\$154,541,213	64%	20%	\$0	0%	0%	\$154,541,213	64%	15%	
Central Washington University	\$0	0%	0%	\$26,600,000	11%	3%	\$0	0%	0%	\$26,600,000	11%	3%	
The Evergreen State College	\$0	0%	0%	\$4,500,000	2%	1%	\$0	0%	0%	\$4,500,000	2%	0%	
University of Washington	\$0	0%	0%	\$8,065,516	3%	1%	\$0	0%	0%	\$8,065,516	3%	1%	
Washington State University	\$0	0%	0%	\$33,100,000	14%	4%	\$0	0%	0%	\$33,100,000	14%	3%	
Western Washington University	\$0	0%	0%	\$15,616,329	6%	2%	\$0	0%	0%	\$15,616,329	6%	2%	
Category Total	\$0	0%	0%	\$242,423,058	100%	31%	\$0	0%	0%	\$242,423,058	100%	24%	
General Improvements													
Central Washington University	\$0	0%	0%	\$7,744,000	55%	1%	\$0	0%	0%	\$7,744,000	53%	1%	
Washington State University	\$0	0%	0%	\$6,300,000	45%	1%	\$450,000	100%	0%	\$6,750,000	47%	1%	
Category Total	\$0	0%	0%	\$14,044,000	100%	2%	\$450,000	100%	0%	\$14,494,000	100%	1%	
Deferrable Repairs and Improvement	ts												
Community and Technical Colleges	\$49,063,000	100%	52%	\$0	0%	0%	\$0	0%	0%	\$49,063,000	89%	5%	
Central Washington University	\$0	0%	0%	\$1,400,000	26%	0%	\$0	0%	0%	\$1,400,000	3%	0%	
Eastern Washington University	\$0	0%	0%	\$1,000,000	19%	0%	\$975,000	100%	1%	\$1,975,000	4%	0%	
Washington State University	\$0	0%	0%	\$3,000,000	56%	0%	\$0	0%	0%	\$3,000,000	5%	0%	
Category Total	\$49,063,000	100%	52%	\$5,400,000	100%	1%	\$975,000	100%	1%	\$55,438,000	100%	5%	
Grand Total	\$94,283,917	,	100%	\$778,993,776		100%	\$148,880,425		100%	\$1,022,158,118		100%	

Appendix D

Project Rankings

		несв		2003-2005 REQUEST AMOUNT							
Institution/Project		Cat.	Score	ED. CONST.	G.O. BONDS	OTHER	Total	ED. CONST.	G.O. BONDS	OTHER	Total
CTC Statewide	Minor Works Preservation (RMI)	2	98		\$13,500,000		\$13,500,000	\$0	\$13,500,000	\$0	\$13,500,000
CTC Statewide	Roof Repair A	2	98			\$7,265,677	\$7,265,677	\$0	\$13,500,000	\$7,265,677	\$20,765,677
CTC Statewide	Facility Repair A	2	98			\$22,428,699	\$22,428,699	\$0	\$13,500,000	\$29,694,376	\$43,194,376
CTC Statewide	Site Repair A	2	98			\$5,305,624	\$5,305,624	\$0	\$13,500,000	\$35,000,000	\$48,500,000
CWU Ellensburg	Minor Works - Health, Safety, Code	2	98			\$950,000	\$950,000	\$0	\$13,500,000	\$35,950,000	\$49,450,000
CWU Ellensburg	Seismic Life Safety Improvements	2	98		\$1,000,000		\$1,000,000	\$0	\$14,500,000	\$35,950,000	\$50,450,000
TESC Olympia	Emergency Repairs	2	98			\$600,000	\$600,000	\$0	\$14,500,000	\$36,550,000	\$51,050,000
TESC Olympia	Life Safety/Code Compliance	2	98			\$2,500,000	\$2,500,000	\$0	\$14,500,000	\$39,050,000	\$53,550,000
UW Seattle	Urgent Deferred Renewal/Modernization	2	98		\$50,000,000	\$10,000,000	\$60,000,000	\$0	\$64,500,000	\$49,050,000	\$113,550,000
UW Seattle	Emergency Power Expansion	2	98		\$14,461,164		\$14,461,164	\$0	\$78,961,164	\$49,050,000	\$128,011,164
WSU Pullman	Minor Capital Safety, Security, Env	2	98		\$3,000,000		\$3,000,000	\$0	\$81,961,164	\$49,050,000	\$131,011,164
WSU Pullman	Hazardous Waste Facilities	2	98		\$3,000,000		\$3,000,000	\$0	\$84,961,164	\$49,050,000	\$134,011,164
WWU Bellingham	Minor Works: Preservation and Safety	2	98		\$1,965,000		\$1,965,000	\$0	\$86,926,164	\$49,050,000	\$135,976,164
CTC Statewide	Minor Works Program	3	96	\$20,040,317			\$20,040,317	\$20,040,317	\$86,926,164	\$49,050,000	\$156,016,481
CWU Ellensburg	Minor Works - Facility Preservation	3	96	\$20,040,317		\$1,163,500	\$1,163,500	\$20,040,317	\$86,926,164	\$50,213,500	\$150,010,481
CWU Ellensburg	Minor Works - Infrastructure	3	96			\$1,561,200	\$1,561,200	\$20,040,317	\$86,926,164	\$51,774,700	\$157,179,981
CWU Ellensburg	Minor Works - Program	3	96 96			\$3,914,400	\$3,914,400	\$20,040,317	\$86,926,164	\$55,689,100	\$162,655,581
CWU Ellensburg	Nicholson Pavilion Air Quality/Asbestos	3	96		\$3,500,000	\$3,914,400	\$3,500,000	\$20,040,317	\$90,426,164	\$55,689,100	\$166,155,581
EWU Cheney	Infrastructure Preservation	3	96		\$4,205,000		\$4,205,000	\$20,040,317	\$94,631,164	\$55,689,100	\$170,360,581
EWU Cheney	HVAC Systems Preservation & Upgrades	3	96		\$4,530,000		\$4,530,000	\$20,040,317	\$99,161,164	\$55,689,100	\$174,890,581
EWU Cheney	Electrical Systems Preservation & Upgrade	3	96		\$1,112,000		\$1,112,000	\$20,040,317	\$100,273,164	\$55,689,100	\$174,000,581
EWU Cheney	Water Systems Preservation & Upgrade	3	96		\$2,630,000		\$2,630,000	\$20,040,317	\$100,273,164	\$55,689,100	\$178,632,581
EWU Cheney	Campus Roof Replacements	3	96		\$1,549,663		\$1,549,663	\$20,040,317	\$104,452,827	\$55,689,100	\$180,182,244
EWU Cheney	Minor Works - Preservation	3	96		\$1,500,000	\$4,000,000	\$5,500,000	\$20,040,317	\$105,952,827	\$59,689,100	\$185,682,244
EWU Cheney	Classroom Renewal	3	96		\$1,000,000	\$691,325	\$1,691,325	\$20,040,317	\$106,952,827	\$60,380,425	\$187,373,569
EWU Cheney	Minor Works - Program	3	96		\$500,000	\$650,000	\$1,150,000	\$20,040,317	\$107,452,827	\$61,030,425	\$188,523,569
TESC Olympia	Minor Works - Program Minor Works Preservation	3	96		\$4,350,000	\$050,000	\$4,350,000	\$20,040,317	\$111,802,827	\$61,030,425	\$192,873,569
TESC Olympia	Infrastructure Preservation	3	96		Ψ+,550,000	\$1,550,000	\$1,550,000	\$20,040,317	\$111,802,827	\$62,580,425	\$194,423,569
TESC Olympia	Minor Works: Program	3	96			\$850,000	\$850,000	\$20,040,317	\$111,802,827	\$63,430,425	\$195,273,569
UW Seattle	HSC H Wing - Infrastructure	3	96		\$4,996,716	ψοσο,σσο	\$4,996,716	\$20,040,317	\$116,799,543	\$63,430,425	\$200,270,285
WSU Pullman	Campus Infrastructure - Preservation	3	96		\$11,500,000		\$11,500,000	\$20,040,317	\$128,299,543	\$63,430,425	\$211,770,285
WSU Pullman	Minor Capital Improvements	3	96		Ψ11,500,000	\$7,500,000	\$7,500,000	\$20,040,317	\$128,299,543	\$70,930,425	\$219,270,285
WSU Pullman	Minor Capital Preservation/Renewal	3	96		\$3,775,000	\$4,225,000	\$8,000,000	\$20,040,317	\$132,074,543	\$75,155,425	\$227,270,285
WSU Pullman	Equipment Omnibus Appropriation	3	96		ψ3,773,000	\$8,000,000	\$8,000,000	\$20,040,317	\$132,074,543	\$83,155,425	\$235,270,285
WSU Statewide	Minor Capital Projects - Statewide	3	96			\$1,000,000	\$1,000,000	\$20,040,317	\$132,074,543	\$84,155,425	\$236,270,285
WSU Vancouver	Vancouver - Utilities, Infrastructure	3	96		\$4,300,000	Ψ1,000,000	\$4,300,000	\$20,040,317	\$136,374,543	\$84,155,425	\$240,570,285
WWU Bellingham	Minor Works: Infrastructure	3	96		\$1,905,000		\$1,905,000	\$20,040,317	\$138,279,543	\$84,155,425	\$242,475,285
WWU Bellingham	Minor Works: Facility Preservation	3	96		\$5,725,000		\$5,725,000	\$20,040,317	\$144,004,543	\$84,155,425	\$248,200,285
WWU Bellingham	Minor Works: Program	3	96		\$1,716,000	\$8,050,000	\$9,766,000	\$20,040,317	\$145,720,543	\$92,205,425	\$257,966,285
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				НЕСВ		2003-2005 REQUEST AMOUNT			CUMULATIVE TOTAL			
Institu	ution/Project		Cat.	Score	ED. CONST.	G.O. BONDS	OTHER	Total	ED. CONST.	G.O. BONDS	OTHER	Total
CTC	Wenatchee	Portable Replacement	4	94			\$2,000,000	\$2,000,000	\$20,040,317	\$145,720,543	\$94,205,425	\$259,966,285
CTC	Olympic	Science and Technology Center	4	94		\$22,098,000		\$22,098,000	\$20,040,317	\$167,818,543	\$94,205,425	\$282,064,285
CTC	Clark	Stout Hall/Basic Education Program	4	94		\$4,049,889		\$4,049,889	\$20,040,317	\$171,868,432	\$94,205,425	\$286,114,174
CTC	Tacoma	Replace Portables/Fitness Lab	4	94		\$2,622,000		\$2,622,000	\$20,040,317	\$174,490,432	\$94,205,425	\$288,736,174
CTC	Yakima	Sunquist & Anthon Hall - Classroom Bldg	4	94		\$4,960,100		\$4,960,100	\$20,040,317	\$179,450,532	\$94,205,425	\$293,696,274
CTC	Seattle Central	North Plaza Replacement	4	94	\$4,976,200			\$4,976,200	\$25,016,517		\$94,205,425	\$298,672,474
CTC	Yakima Valley	Sundquist Annex	4	94		\$3,852,700		\$3,852,700	\$25,016,517	\$183,303,232	\$94,205,425	\$302,525,174
CTC	Clark	Classrooms and Vocational Labs	4	94		\$3,872,413		\$3,872,413	\$25,016,517	\$187,175,645	\$94,205,425	\$306,397,587
CTC	Everett	Monte Cristo - Physics/Chemistry	4	94		\$7,352,000		\$7,352,000	\$25,016,517	\$194,527,645	\$94,205,425	\$313,749,587
CTC	Pierce Ft Stlcm.	Health Sciences and Wellness Center	4	94		\$4,928,802		\$4,928,802	\$25,016,517	\$199,456,447	\$94,205,425	\$318,678,389
CTC	Columbia Basin	T Building Renovation/Med Tech Center	4	94		\$6,058,500		\$6,058,500	\$25,016,517	\$205,514,947	\$94,205,425	\$324,736,889
CTC	Bellevue	Renovate Building D/Library & Media	4	94	\$13,418,700			\$13,418,700	\$38,435,217	\$205,514,947	\$94,205,425	\$338,155,589
CTC	North Seattle	Arts and Sciences Building Remodel	4	94	\$6,785,700			\$6,785,700	\$45,220,917	\$205,514,947	\$94,205,425	\$344,941,289
CTC	Grays Harbor	Replace 200/400/600 Building with New	4	94		\$1,263,300		\$1,263,300	\$45,220,917	\$206,778,247	\$94,205,425	\$346,204,589
CTC	Everett	Replace Glacier/Pilchuck - Visual/Performing Arts	4	94		\$1,311,700		\$1,311,700	\$45,220,917	\$208,089,947	\$94,205,425	\$347,516,289
CTC	Pierce Ft Stlcm.	Science and Technology Center	4	94		\$190,000		\$190,000	\$45,220,917	\$208,279,947	\$94,205,425	\$347,706,289
CTC	Peninsula	Replace Science & Tech	4	94		\$82,800		\$82,800	\$45,220,917	\$208,362,747	\$94,205,425	\$347,789,089
CTC	Skagit Valley	Multiple Building Replacement/Science	4	94		\$5,256,600		\$5,256,600	\$45,220,917	\$213,619,347	\$94,205,425	\$353,045,689
CTC	South Seattle	Portable Replacement/ESL Continuing Ed	4	94		\$4,882,200		\$4,882,200	\$45,220,917	\$218,501,547	\$94,205,425	\$357,927,889
CTC	Walla Walla	Health Science Facility	4	94		\$7,261,400		\$7,261,400	\$45,220,917	\$225,762,947	\$94,205,425	\$365,189,289
CTC	Seattle Central	Broadway Edison First Floor/Student Services	4	94		\$4,995,800		\$4,995,800	\$45,220,917	\$230,758,747	\$94,205,425	\$370,185,089
CTC	Edmonds	Montlake Terrace Hall Renovation	4	94		\$8,827,030		\$8,827,030	\$45,220,917	\$239,585,777	\$94,205,425	\$379,012,119
CTC	Lake Washington	East and West Building Renovation	4	94		\$4,420,800		\$4,420,800	\$45,220,917	\$244,006,577	\$94,205,425	\$383,432,919
CTC	Tacoma	Renovate Building 7/ Multi-media, etc.	4	94		\$4,988,000		\$4,988,000	\$45,220,917	\$248,994,577	\$94,205,425	\$388,420,919
CTC	South Seattle	Bldgs 124/124B/125 Pastry/Baking Program	4	94		\$2,613,100		\$2,613,100	\$45,220,917	\$251,607,677	\$94,205,425	\$391,034,019
CTC	Spokane	Science Building Replacement	4	94		\$15,721,600		\$15,721,600	\$45,220,917	\$267,329,277	\$94,205,425	\$406,755,619
CTC	Bellingham	Welding/Auto Collision Building	4	94		\$16,838,000		\$16,838,000	\$45,220,917	\$284,167,277	\$94,205,425	\$423,593,619
CTC	Lower Columbia	Replace/Fine Arts Instruction	4	94		\$18,473,314		\$18,473,314	\$45,220,917	\$302,640,591	\$94,205,425	\$442,066,933
CTC	Renton	Portable Replacement Project	4	94		\$419,300		\$419,300	\$45,220,917	\$303,059,891	\$94,205,425	\$442,486,233
CWU	Ellensburg	Utility Upgrade	4	94		\$9,580,000		\$9,580,000	\$45,220,917	\$312,639,891	\$94,205,425	\$452,066,233
CWU	Ellensburg	Dean Hall	4	94		\$4,900,000		\$4,900,000	\$45,220,917	\$317,539,891	\$94,205,425	\$456,966,233
CWU	Ellensburg	Hogue Technology Renovation & Addition	4	94		\$150,000		\$150,000	\$45,220,917	\$317,689,891	\$94,205,425	\$457,116,233
EWU	Cheney	Computer & Engineering Sciences	4	94		\$19,000,482	\$5,000,000	\$24,000,482	\$45,220,917	\$336,690,373	\$99,205,425	\$481,116,715
EWU	Cheney	Senior Hall renovation - Phase I	4	94		\$6,816,165		\$6,816,165	\$45,220,917	\$343,506,538	\$99,205,425	\$487,932,880
EWU	Cheney	Campus Network	4	94		\$1,500,000		\$1,500,000	\$45,220,917	\$345,006,538	\$99,205,425	\$489,432,880
TESC	Olympia	Evans Bldg.	4	94		\$21,500,000		\$21,500,000	\$45,220,917	\$366,506,538	\$99,205,425	\$510,932,880
TESC		Lab II 3rd Floor - Chemistry Labs Remodel	4	94			\$3,000,000	\$3,000,000	\$45,220,917	\$366,506,538	\$102,205,425	\$513,932,880
UW	Seattle	Johnson Hall Renovation	4	94		\$50,352,025		\$50,352,025	\$45,220,917	\$416,858,563	\$102,205,425	\$564,284,905
UW	Seattle	Campus Communications Infrastructure	4	94		\$5,000,000	\$15,000,000	\$20,000,000	\$45,220,917	\$421,858,563	\$117,205,425	\$584,284,905
UW	Seattle	Guggenheim Hall Renovation	4	94		\$3,312,000		\$3,312,000	\$45,220,917	\$425,170,563		\$587,596,905
UW	Seattle	Architecture Hall	4	94		\$2,634,000		\$2,634,000	\$45,220,917	\$427,804,563	\$117,205,425	\$590,230,905
UW	Seattle	Major Renovation	4	94		\$1,000,000		\$1,000,000	\$45,220,917	\$428,804,563	\$117,205,425	\$591,230,905
UW	Seattle	Facilities Adaptation for New Programs	4	94		\$18,244,095	\$13,000,000	\$31,244,095	\$45,220,917		\$130,205,425	\$622,475,000
WSU	Pullman	Johnson Hall Addition - Plant Bioscience	4	94		\$35,200,000	\$10,000,000	\$45,200,000	\$45,220,917	\$482,248,658		\$667,675,000
WSU	Pullman	Education Addition (Cleveland)	4	94		\$11,160,000		\$11,160,000	\$45,220,917		\$140,205,425	\$678,835,000

			несв		2003-2005 REQUEST AMOUNT			CUMULATIVE TOTAL				
Instituti	ion/Project		Cat.	Score	ED. CONST.	G.O. BONDS	OTHER	Total	ED. CONST.	G.O. BONDS	OTHER	Total
WSU I	Pullman	Biotechnology Life Sciences	4	94	_	\$3,500,000	\$3,000,000	\$6,500,000	\$45,220,917	\$496,908,658	\$143,205,425	\$685,335,000
WSU 1	Pullman	Biomedical Sciences	4	94			\$250,000	\$250,000	\$45,220,917	\$496,908,658	\$143,455,425	\$685,585,000
WSU 1	Pullman	Wastewater Reclamation Project	4	94		\$10,713,000		\$10,713,000	\$45,220,917	\$507,621,658	\$143,455,425	\$696,298,000
WSU 1	Pullman	WSUnet Infrastructure	4	94			\$4,000,000	\$4,000,000	\$45,220,917	\$507,621,658	\$147,455,425	\$700,298,000
WSU 1	Prosser	Proser - Multi-Purpose Building	4	94		\$1,500,000		\$1,500,000	\$45,220,917	\$509,121,658	\$147,455,425	\$701,798,000
WWU 1	Bellingham	Campus Infrastructure Development	4	94		\$2,819,000		\$2,819,000	\$45,220,917	\$511,940,658	\$147,455,425	\$704,617,000
WWU]	Bellingham	Campus Roadway Development	4	94		\$329,000		\$329,000	\$45,220,917	\$512,269,658		\$704,946,000
WWU 1	Bellingham	Recreation/PE Fields II	4	94		\$4,482,060		\$4,482,060	\$45,220,917	\$516,751,718	\$147,455,425	\$709,428,060
WWU I	Bellingham	Carver Gymnasium Renovation	4	94		\$375,000		\$375,000	\$45,220,917	\$517,126,718	\$147,455,425	\$709,803,060
CTC 1	Pierce Puyallup	Vocational/Classroom/Childcare	5	92		\$23,374,774		\$23,374,774	\$45,220,917	\$540,501,492	\$147,455,425	\$733,177,834
CTC '	Whatcom	Classroom/Labs	5	92		\$10,932,400		\$10,932,400	\$45,220,917	\$551,433,892	\$147,455,425	\$744,110,234
CTC 1	Highline	Higher Education Center/Child Care	5	92		\$21,052,400		\$21,052,400	\$45,220,917	\$572,486,292	\$147,455,425	\$765,162,634
CTC S	South Puget Sound	Humanities Complex	5	92		\$17,350,248		\$17,350,248	\$45,220,917	\$589,836,540	\$147,455,425	\$782,512,882
CTC (Clark	WSU Vancouver	5	92		\$18,009,800		\$18,009,800	\$45,220,917	\$607,846,340	\$147,455,425	\$800,522,682
CTC S	South Seattle	Instructional Tech	5	92		\$17,236,600		\$17,236,600	\$45,220,917	\$625,082,940	\$147,455,425	\$817,759,282
CTC (Green River	Computer Labs	5	92		\$10,984,800		\$10,984,800	\$45,220,917	\$636,067,740	\$147,455,425	\$828,744,082
CTC	Tacoma	Informational Tech	5	92		\$14,531,900		\$14,531,900	\$45,220,917	\$650,599,640	\$147,455,425	\$843,275,982
TESC (Olympia	Seminar II Construction	5	92		\$4,500,000		\$4,500,000	\$45,220,917	\$655,099,640	\$147,455,425	\$847,775,982
WWU I	Bellingham	Communications Facility	5	92		\$4,000,000		\$4,000,000	\$45,220,917	\$659,099,640	\$147,455,425	\$851,775,982
WWU S	Shannon Point	Undergraduate Center	5	92		\$4,998,329		\$4,998,329	\$45,220,917	\$664,097,969	\$147,455,425	\$856,774,311
CTC 1	Bates South	LRC/Vocational	5	91		\$1,796,206		\$1,796,206	\$45,220,917	\$665,894,175	\$147,455,425	\$858,570,517
CTC 1	Edmonds	Instructional Labs	5	91		\$2,939,060		\$2,939,060	\$45,220,917	\$668,833,235	\$147,455,425	\$861,509,577
CTC	Green River	Science Building	5	91		\$2,396,409		\$2,396,409	\$45,220,917	\$671,229,644	\$147,455,425	\$863,905,986
CTC	Tacoma	Science Building	5	91		\$2,379,000		\$2,379,000	\$45,220,917	\$673,608,644	\$147,455,425	\$866,284,986
CTC	Walla Walla	Laboratory Addition	5	91		\$573,000		\$573,000	\$45,220,917	\$674,181,644	\$147,455,425	\$866,857,986
WWU 1	Bellingham	Academic Instructional Center	5	91		\$5,618,000		\$5,618,000	\$45,220,917	\$679,799,644	\$147,455,425	\$872,475,986
CTC (Clark	East County Satellite - Phase 1	5	90		\$300,000		\$300,000	\$45,220,917	\$680,099,644	\$147,455,425	\$872,775,986
CTC 1	Bellevue	Science and Technology Building	5	90		\$90,000		\$90,000	\$45,220,917	\$680,189,644	\$147,455,425	\$872,865,986
CTC 1	Pierce Puyallup	Communication Arts & Allied Health	5	90		\$150,000		\$150,000	\$45,220,917	\$680,339,644	\$147,455,425	\$873,015,986
CTC 1	Everett	Undergraduate Educational Center	5	90		\$126,000		\$126,000	\$45,220,917	\$680,465,644	\$147,455,425	\$873,141,986
CTC (Cascadia	Center for the Arts, Tech.	5	90		\$159,900		\$159,900	\$45,220,917	\$680,625,544	\$147,455,425	\$873,301,886
CTC S	South Puget Sound	Science Complex	5	90		\$93,200		\$93,200	\$45,220,917	\$680,718,744	\$147,455,425	\$873,395,086
CTC 1	Pierce Ft Stlcm.	Campus Childcare Center	5	89		\$500,000		\$500,000	\$45,220,917	\$681,218,744	\$147,455,425	\$873,895,086
CTC 1	Bellevue	High Demand Technology Labs	5	89		\$500,000		\$500,000	\$45,220,917	\$681,718,744	\$147,455,425	\$874,395,086
CTC 1	Lake Washington	Redmond Campus Property Purchase	5	89		\$500,000		\$500,000	\$45,220,917	\$682,218,744	\$147,455,425	\$874,895,086
CTC 1	Peninsula	Community Resource Center w/ PASD	5	89		\$500,000		\$500,000	\$45,220,917	\$682,718,744	\$147,455,425	\$875,395,086
CWU 1	Ellensburg	Music Facility - Phase II	5	89		\$14,000,000		\$14,000,000	\$45,220,917	\$696,718,744	\$147,455,425	\$889,395,086
CWU]	DesMoines	DesMoines (Highline) Facility	5	89		\$10,000,000		\$10,000,000	\$45,220,917	\$706,718,744	\$147,455,425	\$899,395,086

			HE	СВ		2003-2005 REQUE	EST AMOUNT			CUMULAT	TVE TOTAL	
Institu	tion/Project		Cat.	Score	ED. CONST.	G.O. BONDS	OTHER	Total	ED. CONST.	G.O. BONDS	OTHER	Total
CTC	Casadia	South Access	-	97		\$8,065,516		¢0 065 516	\$45,220,917	¢714 794 260	¢1.47.455.425	\$907,460,602
UW	Cascadia Bothell	UW Bothell/Cascadia Offramp	5	87 87		\$8,065,516		\$8,065,516 \$8,065,516	\$45,220,917	\$714,784,260 \$722,849,776	\$147,455,425 \$147,455,425	\$915,526,118
UW	Domen	Ow Boulen/Cascadia Offranip	3	87		\$8,005,510		\$6,003,310	\$45,220,917	\$122,849,110	\$147,433,423	\$913,320,118
CWU	Wenatchee	Wenatchee Facility	5	86		\$1,500,000		\$1,500,000	\$45,220,917	\$724,349,776	\$147,455,425	\$917,026,118
CWU	Moses Lake	Moses Lake Facility	5	86		\$1,100,000		\$1,100,000	\$45,220,917	\$725,449,776	\$147,455,425	\$918,126,118
WSU	Spokane	Spokane - Academic Center Building	5	86		\$32,500,000		\$32,500,000	\$45,220,917	\$757,949,776	\$147,455,425	\$950,626,118
WSU	Spokane	Spokane - Riverpoint Nursing Building	5	84		\$600,000		\$600,000	\$45,220,917	\$758,549,776	\$147,455,425	\$951,226,118
WWU		Facility and Property Acquisition	5	84		\$1,000,000		\$1,000,000	\$45,220,917	\$759,549,776	\$147,455,425	\$952,226,118
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CWU	Ellensburg	Peterson Hall HVAC Improvements	7	78		\$1,091,000		\$1,091,000	\$45,220,917	\$760,640,776	\$147,455,425	\$953,317,118
CWU	Ellensburg	Farrell Technology Upgrade	7	78		\$1,053,000		\$1,053,000	\$45,220,917	\$761,693,776	\$147,455,425	\$954,370,118
CWU	Ellensburg	Psychology Building Remodel & Tech. Upgrade	7	78		\$3,600,000		\$3,600,000	\$45,220,917	\$765,293,776	\$147,455,425	\$957,970,118
CWU	Ellensburg	Cogeneration	7	78		\$2,000,000		\$2,000,000	\$45,220,917	\$767,293,776	\$147,455,425	\$959,970,118
WSU	Pullman	Facilities Services Center	7	78		\$3,000,000		\$3,000,000	\$45,220,917	\$770,293,776	\$147,455,425	\$962,970,118
WSU	Pullman	Holland Library Renovation	7	77		\$3,300,000		\$3,300,000	\$45,220,917	\$773,593,776	\$147,455,425	\$966,270,118
WSU	Pullman	Hospital Renovation	7	76			\$300,000	\$300,000	\$45,220,917	\$773,593,776	,,	\$966,570,118
WSU	TriCities	TriCities Bioproducts & Sciences Building	7	76			\$150,000	\$150,000	\$45,220,917	\$773,593,776	\$147,905,425	\$966,720,118
CTC	Statewide	Roof Repair B	8	74	\$9,950,000			\$9,950,000	\$55,170,917	\$773,593,776	\$147,905,425	\$976,670,118
CTC	Statewide	Facility Repair B	8	74	\$32,705,000			\$32,705,000	\$87,875,917	\$773,593,776	\$147,905,425	\$1,009,375,118
CTC	Statewide	Site Repair B	8	74	\$6,408,000			\$6,408,000	\$94,283,917	\$773,593,776	\$147,905,425	\$1,015,783,118
CWU	Ellensburg	East Entry/Wilson Creek	8	74		\$1,400,000		\$1,400,000	\$94,283,917	\$774,993,776	\$147,905,425	\$1,017,183,118
EWU	Cheney	Visitors Center	8	74			\$975,000	\$975,000	\$94,283,917	\$774,993,776	\$148,880,425	\$1,018,158,118
EWU	Cheney	Campus Security Systems	8	74		\$1,000,000		\$1,000,000	\$94,283,917	\$775,993,776	\$148,880,425	\$1,019,158,118
WSU	Pullman	Public Safety Building	8	74		\$3,000,000		\$3,000,000	\$94,283,917	\$778,993,776	\$148,880,425	\$1,022,158,118

DRAFT TAB 2

RESOLUTION NO. 02-30

WHEREAS, The Washington Higher Education Coordinating Board (HECB) is a citizens board appointed by the Governor and confirmed by the Senate and is required to make budget recommendations for higher education funding to both the Governor and the Legislature; and

WHEREAS, Years of limited state funding support, across-the-board budget cuts, and assumptions of "efficiency increases" as a way to avoid funding enrollment growth have resulted in a drop of state per-student support of 9 percent at public four-year institutions since the 1991-1993 biennium, adjusted for inflation. The financial responsibility for college expenses is being continually shifted to students and their families, threatening the ability of those with limited means to participate; and

WHEREAS, The public higher education institutions enrolled more than 12,000 FTE students in excess of the level funded by the state in fiscal year 2002, and by 2010 an additional 29,000 FTE students above this state-supported level are expected to seek higher education; and

WHEREAS, The HECB finds that the state should re-commit to providing higher education opportunity to its residents as one of its primary duties because the value of higher education to students, their families, the economy, and the state community requires no less; that the state should commit to providing targeted enrollment opportunities to students who need training or re-training to succeed in the workforce and contribute to the state economy; that the state should reverse recent state funding trends and fully support the cost of providing a quality education to students at a price they can afford because students and their families deserve no less; that the state meet its responsibility to enable those students with limited means to participate in higher education through carefully designed and adequately funded financial aid programs; and

WHEREAS, The citizen governing boards of the public higher education institutions have submitted operating and capital budget requests for the 2003-05 biennium; and

WHEREAS, The Board finds that the vast majority of the capital projects requested by the institutions are needed for critical facility repairs, renovations and replacements and to alleviate existing space shortages and provide expanded capacity; and that traditional capital budget funding levels for higher education would be insufficient to fund all of the needed projects; and WHEREAS, The Board has determined that establishing benchmarks for funding levels is an appropriate approach to establishing a total system-wide level of state investment in higher education;

THEREFORE, BE IT RESOLVED, That the Board endorses the operating and capital budget requests approved by the citizen governing boards of the public higher education institutions; and

THEREFORE, BE IT FURTHER RESOLVED That the Board recommends funding for public higher education be benchmarked to the average of comparable institutions; and

THEREFORE, BE IT FURTHER RESOLVED, That the Board has determined that reaching these goals for the operating budget in the 2003-05 biennium would be accomplished by adding 15,571 new student FTE enrollments, increasing per-student state funding at the level of comparable institutions, and achieving the current HECB financial aid goals. The total cost for these investments is \$1.1 billion in the 2003-05 biennium; and

THEREFORE, BE IT FURTHER RESOLVED, That the public institutions clearly explain to the Governor, Legislature and the HECB how these additional resources have been used, and the benefits that have accrued; and

THEREFORE, BE IT FURTHER RESOLVED, That the Board recommends that in the 2003-05 biennium the Governor and Legislature:

- 1. Provide additional state investments in the higher education operating budget to begin to accomplish the goals outlined by the HECB. The approximately \$1.1 billion estimated to meet this need in the 2003-05 biennium could be invested over four years, and
- 2. Provide a total of up to \$952 million in capital funding with resources from state General Obligation Bonds, local institutional capital project account funds, and reimbursable bonds to be financed from the Education Construction Fund.

Adopted:	
October 29, 2002	
Attest:	
	Bob Craves, Chair
	Pat Stanford, Secretary

Work Session on 2003-05 Higher Education Budget Recommendations October 28, 2002



Higher Education Coordinating Board Fiscal Committee

Recommendations for the 2003-05 Operating and Capital Budgets

HECB Fiscal Committee Recommendations for the 2003-05 Budget

A vision of what higher education could and should be in Washington State.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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Presentation Outline

- The Case for a Major Investment in Higher Education Funding
- Overview
- Operating Budget Recommendations
- Capital Budget Recommendations
- Summary

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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Four reasons why we need a *major* state investment in higher education:

- 1. Significant over-enrollment
- 2. Demand will only increase
- 3. Erosion of state funding
- 4. Large tuition hikes shift burden to students and families

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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1. Significant over-enrollment

Washington's state colleges and universities are currently over-enrolled by 12,300 FTE.

Community and technical colleges	8,900
Four-year institutions	3,400
Total over-enrollment	12,300

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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2. Demand will only increase

- The size of the prime college-going population (17 to 29 year-olds) is expected to increase 15% during the next 8 years.
- By 2010, Washington state will need almost 29,000 additional state-funded enrollments (FTEs) just to keep pace with population growth.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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3. Erosion of state funding

- Over the past decade, state support dropped by 9% per student at four-year institutions.
- Qualified students are turned away for lack of funding, resulting in growing waiting lists and class-closed lists.
- Overall, funding is well below the average of comparable institutions across the country.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

4. Large tuition hikes shift burden to students and families

- Over last 10 years, tuition increased by 106% -- twice as fast as personal income, and four times faster than inflation.
- Students and families are paying an increasing share of educational costs.
- Student debt is increasing, and many students are being priced out of college.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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Because of these four reasons . . .

- 1. Significant over-enrollment
- 2. Demand increasing
- 3. Erosion of state funding
- 4. Large tuition hikes shifting burden to students and families

. . . public higher education is facing a crisis.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

HECB Fiscal Committee Recommendations for the 2003-05 Budget

Overview

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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HECB is directed by law to . . .

- Identify the state's higher education goals and priorities; and
- Recommend operating and capital budget levels to meet the needs of the higher education system.

The Fiscal Committee has developed the following recommendations for the 2003-05 budget.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

Beyond endorsement of institution budget requests. . .

- Citizen governing boards of institutions have presented budget requests specific to their individual needs.
- HECB endorses these requests.

The Board's recommendation establishes a system-wide budget for higher education based on benchmarks.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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Tuition and accountability . . .

The Board continues to believe the state should grant the public institutions the authority to set student tuition based on the principles of affordability and predictability.

The colleges and universities should be responsible for clearly explaining how additional funds (tuition and state support) are used, and the benefits that the state receives.

HECB Fiscal Committee Recommendations for the 2003-05 Budget

Operating Budget Recommendations

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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2003-05 **Operating Budget** *RECOMMENDATIONS*

- 1. New enrollments
- 2. Restore 'core funding'
- 3. Financial aid

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

HECB 2003-05 Operating Budget Recommendations

1. New Enrollments \$204 m

RECOMMENDATION:

- new enrollments of 15,571 student FTEs
- at a cost of \$204 million

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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New enrollments: 15,571 student FTEs

	2-year	<u>4-year</u>	<u>Total</u>
Maintain current service level	5,309	5,842	11,151
Targeted enrollments	3,420		3,420
Subtotal	8,729	5,842	14,571
HECB high-demand pool (both 2-year and 4-year)			1,000
Total New Enrollments			15,571

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

HECB 2003-05 Operating Budget Recommendations

Cost per FTE for new enrollments:

- CTC general and apprenticeship enrollments set at western states' community college average.
- Four-year general enrollments set at peer average.
- CTC targeted and HECB high-demand enrollments set at their budget request level.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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HECB 2003-05 Operating Budget Recommendations

2. Restore Core Funding \$797 m

RECOMMENDATION:

Benchmark per student funding to the average of comparable institutions nationwide (peer average).

Restoring core funding will pay for salary increases, recruitment and retention, facility maintenance, student support and other expenses.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

Comparisons to peer averages

State and local appropriations per FTE student

<u>In</u>	<u>istitution</u>	<u>Peer Average</u>
UW – all campuses	\$9,223	\$12,148
WSU – all campuses	\$9,737	\$11,283
Comprehensives	\$5,350	\$ 6,254
Community & Tech College	\$4,123	\$ 5,296

Based on 2001 data

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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HECB 2003-05 Operating Budget Recommendations

3. Financial aid \$103 m

Total	\$103 m
Provide financial aid for new enrollments	\$15 m
Achieve HECB goals for State Need Grants and Promise Scholarships	\$33 m
Keep up with future tuition hikes (6.75% per year used for estimate)	\$27 m
Restore grants and scholarships eroded by past tuition increases and budget cuts	\$28 m

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

2003-05 Operating Budget RECOMMENDATIONS

OPERATING BUDGET SUMMARY

1. New Enrollments	\$204 m
2. Restore Core Funding	\$797 m
3. Financial Aid	\$103 m
2003-05 Operating Budget Total	\$1,104 m

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

2

2003-05 Operating Budget RECOMMENDATIONS

Closing the gap . . .

- To achieve HECB goals and close the funding gap in 2003-05 requires \$1.1 billion.
- Recognizing the fiscal conditions facing the state in the next biennium, this investment can be made over the next two biennia.
- Phased investment would require \$659 million in 2003-05.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

HECB Fiscal Committee Recommendations for the 2003-05 Budget

Capital Budget Recommendations

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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2003-05 Capital Budget

RECOMMENDATION: \$952 m

- Public universities and colleges 2003-05 capital budget request is \$ 1.02 billion.
- Request is significantly higher than current 2001-03 capital budget of \$650 million.
- Used HECB methodology to prioritize and rank all capital project requests.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

2003-05 Capital Budget RECOMMENDATIONS

Preservation & expansion \$952 m

State bonds, local institution capital funds & Ed. Construction account reimbursable bonds

- Begin to reduce backlog of replacement, preservation, and repovation.
- ➤ Ease overcrowding and improve deficient facilities in the community and technical colleges.
- Complete major construction projects at four-year institutions.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

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2003-05 Capital Budget RECOMMENDATIONS

Additional funding needed to achieve HECB capital recommendation ...

- > Technical project review by OFM will reduce costs of some capital projects.
- Based on historical capital budget appropriations, additional funding will be needed to achieve HECB capital recommendations.
- ➤ HECB recommends using \$46m of the Education Construction Account to bond for an additional \$300 million for capital projects.

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

HECB Fiscal Committee Recommendations for the 2003-05 Budget

SUMMARY

- Public higher education is in crisis
- HECB recommends system-wide budget based on benchmarks
- 2003-05 Operating Budget: \$1.1 b (\$659 m in 2003-05 if phased over four years)
- 2003-05 Capital Budget: \$952 m

HECB Recommendations for 2003-05 Budget Presented October 28, 2002

MINUTES OF MEETING September 25, 2002

October 2000

HECB Members Present

Mr. Bob Craves, Chair

Dr. Gay Selby, Vice Chair

Ms. Pat Stanford, Secretary

Mr. Gene Colin

Mr. James Faulstich

Ms. Roberta Greene

Ms. Ann Ramsay-Jenkins

Mr. Herb Simon

Dr. Chang Mook Sohn

Ms. Stacey Valentin

Welcome and Introductions

HECB chairman Bob Craves opened the meeting at 8:30 a.m. and started the round of introductions. He introduced the 10th member and student representative to the Board, Stacey Valentin.

Minutes of July Board Meeting Approved

ACTION: **Roberta Greene** moved for consideration of the minutes of the Board's July meeting, seconded by **Pat Stanford**. **Ann Jenkins** asked that page 3 of the minutes be amended to indicate that there was a ..."*concern expressed that requesting a budget that reflected the state's total higher education needs could jeopardize the request*." The minutes were unanimously approved as amended.

Consent Agenda Items Approved

ACTION: **Herb Simon** moved for consideration of **Resolution 02-25**, recommending approval of the University of Washington's new degree program Ph.D. in Genome Sciences; and **Resolutions 02-26, 02-27, 02-28**, adopting permanent rules for the State Need Grant, State Work Study, and Washington Promise Scholarship. **Pat Stanford** seconded the motion.

Roberta Greene asked if anyone from the UW was interested in making a statement regarding the new degree program, adding that this opportunity should be provided every time there are new programs for approval. The UW declined to comment.

All four consent agenda items were unanimously carried.

2003-05 State Revenue and Budget Projections

Wolfgang Opitz, deputy director for the Office of Financial Management, described the grim budget outlook for the 2003-05 biennium. While expenses are rising, the revenue system is not generating enough money for the needs of the state. In the preliminary 2003-05 GFS budget outlook, there is a gap of \$2.4 billion between the September revenue forecast of \$22.7 billion and estimated expenditures of \$24.7 billion. To meet the shortfall, the Governor has indicated he will NOT seek new revenue sources, such as increased taxes. The push will be in scaling back the size of government before looking to increase revenue. Thus, cuts and reductions from the past biennium will remain, with bigger budget cuts in this biennium.

In terms of higher education funding, Mr. Opitz asked the Board to give OFM its best advice on the "very specific thing" that is most needed. What is the most important thing to keep or not to cut?

Board members expressed their concern with the state of higher education funding. Bob Craves commented that the Board's goal should not be merely to maintain current funding but to improve it. The choices are getting more revenue from the state (dedicated funding from sales tax) or putting the burden on students through tuition. He thinks the public will help if they know where the money is going and how dire the situation is. Herb Simon said that the Board is in the business of education, and being realistic won't get the state's higher education system where it needs to be. Jim Faulstich said that higher education will die if it continues to be cut; that there is a need to adjust the state's revenue and not simply rely on what's been done in the past.

Chang Mook Sohn, Board member and the state's chief economist, recalled the recession of 1983, which was solved by raising taxes. New data for the whole nation shows the current recession is much more severe than expected; consequently, recovery will be much later and much slower. While it normally takes about two years for the state's economy to recover, this time it will take about four years. The main difference from the last recession is lower current reserves, and the state has had two consecutive biennia where revenue is basically flat with just 6 percent increase over four years anticipated. Sohn said the state is facing a very serious economic problem.

Institutional Budget Requests

The executive director of the State Board for Community and Technical Colleges and the six public baccalaureate presidents and their staffs, including the executive director of the North Snohomish, Island, Skagit consortium, presented their 2003-05 budget requests.

• Community and Technical Colleges

- o Earl Hale, SBCTC executive director
- o Holly Moore, Shoreline College president
- o Steve Wall, Pierce College District president

Two-year students are sensitive to tuition increases, so they hope the Governor and Legislature don't use tuition as a major way to solve the funding problem. Earl Hale agreed with Craves that the public would likely support higher education funding if the appeal is specifically targeted. When asked if consolidating some of the colleges has been considered in light of the current fiscal crunch, Hale said that consolidation is unlikely as the community response and support of the colleges is strong. However, they have looked at consolidating and regionalizing support systems. Asked about the possibility of two-year colleges offering four-year programs, Earl Hale responded that although there are some colleges that would want to do that, he thinks current resources should be used first.

• Council of Presidents – V. Lane Rawlins, chair

The six baccalaureate universities and college are working together more now than in the past; their differences have been overwhelmed by the sense of crisis.

Asked by Bob Craves if the COP has come up with revenue sources, Pres. Rawlins said that although they can get behind a progressive proposal, it is not their business to rearrange the resources of the state. Their primary effort right now is to build coalitions with business. WSU regent Peter Goldmark concurred with Pres. Rawlins.

Washington State University

- o Pres. V. Lane Rawlins
- Regent Peter Goldmark
- o Provost Robert Bates

Entering freshman class will be cut to keep up with FTE-funded numbers. There will be only moderate increases in tuition.

WSU will not give up on quality faculty, so resources are needed to hire and keep faculty. They cannot go another year without doing something about faculty salaries.

Asked whether branch campuses should become four-year schools, Pres. Rawlins responded that the important thing is a seamless education from the two-year colleges to the branch campuses.

University of Washington

- o Pres. Richard McCormick
- Regent Cindy Zehnder
- Vice Provost for Planning & Budgeting Harlan Patterson
- o Director of Government Relations Dick Thompson

UW's budget request is based on the restoration of core funding. State appropriations per student at the UW have decreased in the past 10 years to a minus 21 percent gap to peer institutions, amounting to \$2,600 less per student, or over \$92 million funding gap in the total base budget for the year.

The UW requests the following from the HECB:

- o Recommend in very strong terms a budget that <u>begins</u> to restore adequate student funding.
- Recommend tuition policy that allows institutions flexibility in a market context (and hold them responsible to meet the financial aid needs of students).

The UW requests the following from the state:

- o Dedicated revenue stream (from sales tax) to close the gap.
- o Tuition-setting policy (with accountability) for governing boards of research universities.
- o Or give the money to students and let them pick their schools.

• Western Washington University

- o Pres. Karen Morse
- Provost Andy Bodman
- VP for Business and Financial Affairs George Pierce

Western's highest priority is staff and faculty salaries, followed by full funding of carry-forward and maintenance costs. Western has been over enrolled for 12 years and request to fill the funding gap from state support to actual enrollments. If the base support is not stabilized, it will be difficult to request new enrollments. More students will be turned away than the actual number of freshmen. But increasing tuition is not the way to solve the funding problem.

In terms of taking the funding problem to the citizens, Pres. Morse suggested that there is a need to identify what the public will support. Do they really want higher education?

To get a better picture of WWU's funding needs, Ann Jenkins requested a revised pie chart to include funds raised through Western's development and fund-raising efforts.

• North Snohomish, Island and Skagit Consortium (NSIS)

o Executive Director Larry Marrs

Western is the fiscal agent for the NSIS, which is a consortial program. The funding requested for the Everett facility is needed to support increases in staff and programs to provide evening classes. Thirty percent of instruction will be delivered by distance education

• The Evergreen State College

- o Pres. Les Purce
- o VP for Finance and Administation Ann Daley

Evergreen's three major budget challenges are: preserving core funding for students; keeping faculty and staff salaries and benefits competitive, and supporting current enrollment before adding new students. Capital challenges include preserving facilities, meeting the demand for technology, and accommodating growth.

• Eastern Washington University

- o Pres. Steve Jordan
- o VP for Business and Finance Mary Voves

Eastern's budget decision package lists the following priorities: salary and enrollment increase, information technology upgrade, self-insurance premium increase, and funds for collective bargaining. Until current FTEs are funded, no new enrollments will be accepted. For capital budget, the proposed technology infrastructure would link EWU with other institutions and within campus.

• Central Washington University

- o Pres. Jerilyn McIntyre
- o Provost David Soltz
- o VP for Student Affairs and Enrollment Management Charlotte Tullos
- o VP for Business and Financial Affairs Richard Corona

Central's first priority is the restoration of base budgets to serve students already currently enrolled, and rebasing of funding to the 2000-01 levels. Funds are also needed for implementation of high-demand programs and faculty salary increases for recruitment and retention.

Answers were offered to three questions posed by the HECB:

1. How can the state best serve the growing number of students without compromising educational quality?

Ans: The state must develop a rational state support policy for higher education in good times and bad.

2. How much should tuition increase?

Ans: Tuition should increase in proportion to the increase in the PCPI (per capita personal income) or some other measure of inflation.

3. What are possible sources of funding for higher education?

Ans: Until Govs. Evans and Gardner and university president and regents issue their report, the answer is a dedicated stream of funding for higher education.

The HECB will take action on institutional budget requests at its October meeting.

Master Plan 2004 Scope

Director for Government Relations Bruce Botka reviewed the scope of the 2004 Master Plan and urged Board consideration of the resolution. The document had been revised on the basis of the Board's comments at the July meeting. Botka clarified that the scope is just the first step of the master plan, reflecting the plan's broad outline and points of focus. Each major master plan issue will be discussed in upcoming Board meetings, with funding as the first issue to be presented in October.

In line with master plan issues, Gay Selby requested that information be presented on how other states are handling these same issues, as well as trends and ideas that the Board can consider. Bob Craves commented that in light of the day's discussion, the Board must quickly figure out how to get a lot more funding for higher education. He asked if the Board, as HECB members, should not try to put together some plan or recommendation. Marc Gaspard reminded that the funding discussion has been planned for the October meeting to tie in with the HECB's budget recommendations.

Ann Jenkins suggested that the 2000 Master Plan theme of focusing on students be used in trying to make the case for higher education. By presenting real people and quantifying through students and parents their experiences with lower financial aid, higher tuition, and admission denials, the case for higher education will have more impact. Bob Craves suggested showing FTES by schools and the dollar amount of state support, and Herb Simon suggested showing what the decrease in FTEs is doing to the quality of education.

Ann Jenkins commented that if the board is talking about ways to fund higher education in total in order to preserve access and quality, members need to quantify the approximate amount needed to meet this need. Following up on this comment, Selby added the following questions: What amount will it take and what will it do? What will it cost? What will it include? What are we going to ask people to pay for? Craves suggested going the other way – saying if we have this amount, we can buy this number of FTEs. Jim Faulstich reminded that some states have dedicated their lottery money to higher education. Bob Craves said the Board's theme should be to provide additional funding and guarantee protection of important programs. This is how to take it to the Governor.

Chang Mook Sohn reminded that the next revenue updated is on Nov. 19, after which the Governor will finalize his proposal. He suggested that the Board's Oct. 29 meeting might be too late for recommendations. (*Staff will check with OFM about the deadline for budget requests.*)

Gay Selby expressed concern that the information staff would bring to the October meeting will not answer the questions Board members want answered. She said each member must be able to articulate what questions they want answered so that staff are not put into a position of making assumptions on what Board members want to know. She wanted assurance that Board member questions are the ones driving the work. Bruce Botka commented that the Board must also hear from stakeholders and constituents, aside from staff. Roberta Greene said that Board members need to respond and participate and that they do not give up their responsibilities.

ACTION: **Jim Faulstich** moved for consideration of **Resolution 02-29** approving the scope of the 2004 Master Plan. **Roberta Greene** seconded the motion, which was unanimously approved.

Other Business

ACTION: **Ann Jenkins** made a motion to approve Stacey Valentin's appointment as the fourth member of the Board's Financial Aid committee. **Roberta Greene** seconded the motion, which was unanimously approved.

Notification of Bylaws change – Board Quorum

With the addition of a 10th member to the Board, the quorum for the transaction of Board business will change from the current five members to six. Board Bylaws require that all members be notified at any meeting prior to the one in which the bylaws are to be amended. At the Board's October meeting therefore, Board Bylaws, section 5, will be amended to reflect the change in quorum from five to six members.

The Board adjourned the meeting at 6:45 p.m.

WHEREAS, The University of Washington proposes to offer a Doctor of Philosophy in Genome Sciences; and

WHEREAS, The program will provide advanced studies and research in genetics and produce a generation of scientists who will be academic leaders in research and teaching of interdisciplinary biology and medicine; and

WHEREAS, The external reviews attest to the high quality of the program of study and the faculty; and

WHEREAS, The assessment and diversity plans are suitable for a program of this nature; and

WHEREAS, The costs are reasonable;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the University of Washington request to establish a Doctor of Philosophy in Genome Sciences effective September 25, 2002.

Adopted:	
September 25, 2002	
Attest:	
	Bob Craves, Chair
	Pat Stanford, Secretary

WHEREAS, The Higher Education Coordinating Board is directed by RCW 28B.10 to administer the State Need Grant Program; and

WHEREAS, The Higher Education Coordinating Board is authorized by RCW 28B.80 to adopt rules as necessary to implement the program; and

WHEREAS, Substitute Senate Bill 5166 adopted by the 2002 Legislature expands the definition of "institutions of higher education" to include branches of out-of-state institutions that meet specified criteria and that are members of accrediting associations recognized by rule of the Board; and

WHEREAS, State Need Grant rules do not currently recognize five of the six regional associations that accredit institutions which may potentially be eligible to participate in the State Need Grant program; and

WHEREAS, It is necessary to amend Chapter 250-20 WAC to implement this statutory change; and

WHEREAS, It is the Board's intention that students attending institutions incorporated into the State Need Grant program as a result of this change be eligible for grants for the 2002-2003 academic year;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopt permanent rules recognizing all six regional accrediting associations for the purpose of establishing potential institutional eligibility to participate in the State Need Grant program.

Adopted:	
September 25, 2002	
Attest:	
	Bob Craves, Chair
	Pat Stanford, Secretary

WHEREAS, The Higher Education Coordinating Board is directed by RCW 28B.12 to administer the State Work Study Program; and

WHEREAS, The Higher Education Coordinating Board is authorized by RCW 28B.80 to adopt rules as necessary to implement the program; and

WHEREAS, Substitute Senate Bill 5166 adopted by the 2002 Legislature expands the definition of "institutions of higher education" to include branches of out-of-state institutions that meet specified criteria and that are members of accrediting associations recognized by rule of the Board; and

WHEREAS, State Work Study rules do not currently recognize five of the six regional associations that accredit institutions which may potentially be eligible to participate in the State Work Study program; and

WHEREAS, It is necessary to amend Chapter 250-40 WAC to implement this statutory change; and

WHEREAS, It is the Board's intention that students attending institutions incorporated into the State Work Study program as a result of this change be eligible for work study for the 2002-2003 academic year;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopt permanent rules recognizing all six regional accrediting associations for purposes of establishing potential institutional eligibility to participate in the State Work Study program.

Adopted:	
September 25, 2002	
Attest:	Bob Craves, Chair
	Bob Claves, Chan
	Pat Stanford, Secretary

WHEREAS, The Higher Education Coordinating Board is directed by House Bill 2807 to administer the Washington Promise Scholarship Program and to adopt rules as necessary to implement the program; and

WHEREAS, Prior to the 2002 Legislative Session, language authorizing the Promise Scholarship program had been included in the 1999-01 and 2001-03 biennial budget bills; and

WHEREAS, House Bill 2807 established the Washington Promise Scholarship program in statute and modified some features of the program; and

WHEREAS, It is necessary to amend Chapter 250-80 WAC to bring the Promise Scholarship program into compliance with the new statute by including reference to expanded academic eligibility criteria, use of the scholarship at certain Oregon institutions providing programs not offered in Washington, recognition of all six regional accrediting associations, and the satisfactory progress requirement for scholarship renewal; and

WHEREAS, It is the Board's intention that the expanded eligibility criteria be used to determine awards for the 2002-2003 academic year;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopt permanent rules implementing the Washington Promise Scholarship Program.

Adopted:	
September 25, 2002	
Attest:	
	Bob Craves, Chair
	Boo Claves, Chan
	Pat Stanford, Secretary

WHEREAS, State statute (RCW 28B.80.330) directs the Higher Education Coordinating Board (HECB) to develop every four years a comprehensive master plan for higher education in Washington State; and

WHEREAS, The Higher Education Coordinating Board has recently undertaken the preparation of the 2004 Master Plan for Higher Education which will be submitted to the Governor and Legislature in December 2003; and

WHEREAS, The Higher Education Coordinating Board believes that the 2004 Master Plan must focus on the critical "core" policy issues which will influence our state's commitment to an accessible, affordable, and high-quality system of higher education; and

WHEREAS, At its meeting of July 2002, the Higher Education Coordinating Board reviewed a preliminary report discussing the scope of the 2004 Master Plan; and

WHEREAS, The policy issues contained in this preliminary scope have been reviewed with various state elected officials and their staff, and members of the state's higher education community; and

WHEREAS, The Higher Education Coordinating Board has reviewed the recommendations on the scope of the Master Plan contained in the report titled "Scope of the 2004 Master Plan for Higher Education," dated September 2002; and

WHEREAS, The Higher Education Coordinating Board supports the accompanying document outlining the scope of the 2004 Master Plan to provide a restatement and reaffirmation of the purpose and value of higher education, to assess the current status of higher education in Washington State, and to examine and develop recommendations on the core policy issues of enrollment opportunity and higher education funding;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board hereby adopts the scope of the 2004 Master Plan as recommended.

Adopted:	
September 25, 2002	
Attest:	
	Bob Craves, Chair
	Pat Stanford, Secretary

Degree-granting Institutions Act

October 2002

The Higher Education Coordinating Board/Degree Authorization's primary function is consumer protection. The Degree-granting Institutions Act prohibits a degree-granting institution from operating in Washington State unless the institution meets authorization or exemption requirements as found in the RCW (law) and the WAC (rules). In administering the law, Chapter 28B.85 RCW, the HECB/DA ensures the institution meets certain regulatory requirements. WAC 250-61 provides the minimum standards required for degree-granting institutions to be authorized.

To authorize an institution, the HECB reviews an institution's infrastructure, policies, faculty, institutional resources, financial stability, programs, and procedures, based on whether the RCW and WAC requirements have been met. Once the HECB grants authorization, an institution is allowed to grant degrees or offer credit-bearing classes in the state. The authorization granted is programmatic and site-specific, not institution-wide. The decision to authorize an institution or deny an institution for authorization is based solely on whether the RCW and WAC requirements have been met by an institution. Authorization is not an endorsement by the Higher Education Coordinating Board of an institution, a program offered by the institution, or the contents of a program.

In addition to reviewing new requests for authorization or exemption, the HECB/DA also conducts biennial reviews of currently authorized or exempted institutions to ensure that the conditions under which the authorization or exemption were initially granted continue in effect; processes requests for additional programs and/or sites; maintains records and data bases on those institutions within its purview; deals with student complaints; and works to ensure institutions are in compliance with the law and rules.

HIGHER EDUCATION COORDINATING BOARD

Summary of activity under the Degree-Granting Institutions Act For the quarter ending June 30, 2002

Authorized		
Current institutions: 43		
	Institution	Date Completed
Initial Authorization Granted: (1)	Troy State University	05/30/02
Renewals of	Central Michigan University	05/14/02
Authorization: (4)	DigiPen Institute of Technology	
	Eton Technical Institute	05/28/02
	Old Dominion University	06/18/02
Additional Programs Authorized: (6)	Argosy University/Seattle Master of Business Administration Doctor of Business Administration Doctor of Education	04/26/02
	Argosy University/Seattle Education Specialist	06/01/02
	Chapman University Distance Learning courses which are part of prauthorized programs	reviously-
	ITT Technical Institute-Bothell Bachelor of Science in Technical Project Mana	
Extension of Authorization: (1)	Kepler College of Astrological Arts and Science Until August 23, 2002, pending outside evalua	tion of
	new programs and submission of administrative	e information
Miscellaneous Activities Pertaining to Authorized Institutions: (2)	Mars Hill Graduate School	
	Northwest Institute of Acupuncture and Oriental Medicine Board of Directors have decided to close the se for teach-out are being worked out.	
Meetings with Potential New Institutions: (1)	Pan American College	05/03/02

Requests for Degree Authorization

Information: (8) California Baptist University; Campion College of Seattle; Capella

University; Folasade College for the Arts; Susan Han; Intellitec

College; Praesidium University; George Zhao

Requests Pending Authorization Review:

Initial Applications: (2) Bainbridge Island Graduate Institute

Central Texas College – awaiting receipt of information from

Pierce College

Renewals of Antioch University Authorization: (2) Columbia College

New Program(s): (1) University of Phoenix

Reinstatement of Authorization: (1)

Western Seminary – to perform teach out for existing students

Religious Exempt

Current institutions: 40		
	Institution	Date Completed
Renewal of Exemptions: (3)	Oklahoma Baptist University	
	Washington College and International Seminary.	04/15/02
	Worship Arts Conservancy	06/13/02
Exemptions Expired: (2)	Holy Family Seminary Due to non-submission of biennial report	
Expired. (2)	Pacific Rim Graduate School of Theology Due to non-submission of biennial report	04/29/02
New Program Exemptions Granted: (3)	Communion of Saints Seminary	05/16/02
New Program Exemptions Denied: (4)	\$ucces\$ Seminary – four new programs Due to curriculum for the programs not meeti criteria of exemption	
New Site Requests: (1)	Christian Life School of Theology	05/01/02
Miscellaneous: (1)	New West Seminary	nption, but

Requests for Religious Radiant Life Church

Exemption Information: (1)

Pending Exemption Review:

Biennial Reports: (1) Dominion College

New Program(s) \$ucces\$ Seminary – four new programs

Exemption: (4)

Initial Exemption: (1) International College of Metaphysical Theology

Foreign Degree-Granting Branches

Current institutions: 2

Pending Approval Review:

Renewal of Approval: (1) Mukogawa Fort Wright Institute

Conditional Waiver of Degree Authorization Requirements for Current Activity

Current institutions: 5

<u>Institution</u> Date Completed

Granted: (1) Renewed waiver of authorization requirements for the

offering of second class only.

Exemption of Degree Authorization Requirements for Current Activity

Current institutions: 2

No activity

2003 HECB Legislative Session Overview

October 2002

BACKGROUND

The Washington Legislature will begin its 2003 session on Jan. 13. The regular session will last a maximum of 105 days and will focus on the development of the state operating and capital budgets for the 2003-05 biennium, which begins on July 1.

This document outlines the higher education issues that are expected to receive legislative review during the coming session. It is intended as one of the preliminary documents for the Higher Education Coordinating Board to use in considering its legislative priorities for the 2003 session. The Board is scheduled to adopt its formal legislative agenda when it meets Dec. 12 at the University of Washington in Seattle.

STATEWIDE HIGHER EDUCATION ISSUES

Budget issues

As in all odd-numbered years, the Legislature's primary task in 2003 will be to develop the operating and capital budgets for the coming biennium. Writing the operating budget will be considerably more challenging than usual in the coming session, because of the \$2 billion to \$2.6 billion gap between expected revenue and necessary expenditures. Currently, the 2003-05 revenue forecast is for \$22.7 billion, compared with the preliminary expenditure estimate of \$24.7 billion. In addition, the Health Services Account, which supports the state Basic Health Plan, has a predicted deficit of \$550 million.

Faced with a significant operating budget deficit, the Legislature and Governor have three basic options: (1) adopt tax increases; (2) eliminate or reduce state programs; or (3) enact some combination of cuts and revenue increases.

The HECB's funding priorities for the 34 public community and technical colleges and six fouryear institutions are reflected in the recommendations detailed in Tab 2 of this board packet. Needs identified by the Board's fiscal committee include:

- The addition of more than 15,000 full-time enrollment slots in the public two-year and four-year colleges and universities, to keep pace with population growth and to respond to workforce and high-demand program needs;
- Increasing core funding (including funds for salary increases, new program development, equipment, etc.) so that state support for higher education institutions reaches the average level of comparable colleges and universities across the country; and

- Funding financial aid programs to serve more needy students, to increase grant and scholarship amounts to be equivalent to public institution tuition rates, and to keep pace with tuition and enrollment increases.
- Providing sufficient capital funding to reduce the backlog of replacement, preservation
 and renovation needs of college and university facilities; ease overcrowding and improve
 deficient facilities in the community and technical colleges; and complete several major
 construction projects at the regional comprehensive institutions and the research
 universities' branch campuses.

Other budget-related issues

The Legislature will consider several other issues related to the budget:

Tuition. The HECB continues to recommend that the governing boards of the public colleges and universities be given tuition-setting authority for all types of students. Currently, the Legislature and Governor set maximum limits for resident undergraduate tuition, while the institutions set rates for all other categories of students without restriction. The Board's position is detailed in Resolution 02-01, adopted January 24, 2002, which calls on the colleges and universities to retain the goals of affordability and predictability in setting student tuition levels.

HECB agency budget request. In September, the HECB submitted its own agency budget proposal to the Office of Financial Management and the Legislature. The largest enhancements in this request would support student financial aid and the targeted expansion of high-demand instruction programs.

OTHER LEGISLATIVE ISSUES FOR 2003

Undocumented students' tuition status. Legislation is expected to extend resident tuition rates to students who are living in the state without legal documentation. Known as "undocumented students" or "illegal immigrants", many of these students have lived in the U.S. for several years and have graduated from Washington high schools. However, current law requires them to pay non-resident tuition if they attend public colleges or universities in this state. Three bills were introduced on this subject in 2002, but none advanced beyond the chamber of origin.

Resident tuition policy and practices. The Legislature is expected to review several issues related to resident and non-resident tuition charges and the administration of current laws and rules regarding students' tuition status. Some key questions are:

- How many residents and non-residents are enrolled in Washington?
- What financial and other benefits do non-residents provide to Washington universities?
- Are non-residents displacing Washington residents?
- How do colleges decide whether a student is a resident or non-resident?
- Should the state revise the law or the HECB change its rules regarding student residency?

HECB study. The Washington State Institute for Public Policy has begun a study of the mission and operations of the HECB, including a review of the Board's current operation in the context of its statutory responsibilities. The final report, due in December 2002, will include the results of about 75 confidential interviews of state policy-makers, board members and others.

Financial aid and State Need Grant policy. The State Board for Community and Technical Colleges' 2003 legislative platform calls for the HECB, the SBCTC and the broader higher education community to "develop a different way of determining grant amounts for students in the State Need Grant program." The platform also calls on the state to continue to use the Need Grant program to provide college access opportunities for low-income students, and to ensure that students with children have the ability to pay for child care while they are in college.

Promise Scholarship study. The Legislature will receive the HECB's evaluation of the Promise Scholarship program and will consider proposals to change the funding level and-or provisions of the program.

Higher education and K-16 governance. Several legislators have expressed interest in investigating issues of higher education governance. Issues may include an examination of the approach being taken in other states to K-16 organization. It is unclear whether specific proposals will be developed in 2003.

Higher education implications of welfare reform. Legislative committees are expected to continue their review of welfare recipients' ability to receive college-level job training as part of the state's welfare reform effort. Several bills have been offered in recent years to expand the opportunity for welfare recipients to receive college-level job training without jeopardizing their other benefits.

Branch campus study. The Washington State Institute for Public Policy has begun a study of branch campus issues, and plans to present an interim report in December. The study is examining the original mission and current operation of the branches, and whether the factors that led to the creation of the branches have changed. The extent to which the study will influence legislative consideration in the 2003 session is unclear, because the final report will not be presented until June.

Education Opportunity Grant program. Based on its December 2000 study and recommendations, the HECB is considering seeking legislative approval to expand the existing authority for students to use the Education Opportunity Grant to complete the final two years of a baccalaureate degree program. Currently, only students from the 13 counties directly served by the research university branch campuses may receive the scholarship, but those students may not receive the scholarship if they attend the branch campuses. The HECB has recommended that residents of all 39 counties in the state be eligible, and that they be permitted to use the grant at the branch campuses and other accredited institutions.

2003 Legislative Session Overview



October 29, 2002



2002 legislative elections

- November 5 election
 - Current situation:
 - Senate: 25 Democrats, 24 Republicans
 - House: 50 Democrats, 48 Democrats
 - At stake in election:
 - Senate: 24 seats (13 Democrat, 11 GOP)
 - House: All 98 positions

2003 legislative timetable

- November-December 2002
 - Legislative assembly, Dec. 5-6
 - HECB adopts legislative priorities, Dec. 12
 - Governor's budget, by Dec. 20
- January 2003
 - Legislature convenes, Jan. 13

Statewide legislative issues

- 2003-05 operating budget
 - \$2 billion general fund shortfall expected
- HECB recommended enhancements
 - Enrollment increases, \$204 million
 - Core funding, \$797 million
 - Financial aid, \$103 million

Statewide legislative issues

- 2003-05 capital budget
 - HECB goals:
 - Preserve state's existing capital investments
 - Reduce crowding and improve space at CTCs
 - Complete major projects at regionals, branches
 - Recommended state funding:
 - \$952 million G.O. bonds, education construction account funds and other higher education funds

Budget-related issues

- Tuition recommendation
 - Authorize governing boards to set tuition rates for resident undergraduates and all other types of students
- HECB agency budget
 - Enhancements requested for financial aid and targeted high-demand programs

Other legislative issues

- Undocumented students' tuition status
- Resident tuition policy and practices
- Study of HECB mission and operations
- Financial aid and State Need Grant policy
- Promise Scholarship study by HECB

Other legislative issues

- Governance issues
- Higher education and welfare reform
- Branch campus preliminary information
- Education Opportunity Grant expansion

HECB reports to the Legislature

- Tuition and fee report
- Promise Scholarship study
- Cost study for higher education
- High-demand enrollments
- Gender equity
- Reciprocity
- Accountability

RULES BRIEFING Community Scholarship Matching Grant Program

October 2002

PROGRAM OVERVIEW

The Washington State Community Scholarship Matching Grant program provides matching grants of \$2,000 to community-based 501©(3) organizations raising at least the same amount for college scholarships through local fundraising initiatives. The matching grant generates community support for local residents pursuing higher education and is an expression of the state's interest in supporting local fundraising. Leveraging local support for college costs is intended to help fill the growing gap between college costs and what families and taxpayer supported financial aid programs can afford to pay.

The program is currently funded at \$251,000 per year, which allows about 125 organizations to receive awards each year.

BACKGROUND

During the 1989 legislative session, HB 1368 was introduced to create the Community Scholarship Foundation. The bill did not pass, but a similar program was introduced through budget proviso language and funded initially at \$50,000 per year. In April 1990, the HECB adopted program rules under WAC 250-69.

With the exception of 1992-93 and 1993-94, when the program received no funding, the amount of funding remained about the same through 1998-99, and original program rules were adequate to administer the program. In 1999-00, funding increased from about \$50,000 per year to \$251,000 per year. Since then, working with a program advisory committee, the program has developed additional provisions to carry out the broader purposes of the fund.

The 2002-03 year marks the fourth year of this more significant level of funding. To be on record about the method in which the Board is currently managing the program, staff is recommending updating the rules to codify current statutory and administrative priorities. Draft rule revisions included in this packet have been reviewed with the sponsoring legislator, members of the advisory committee, and by the Board's Assistant Attorney General, Howard Fisher.

PROPOSED REVISED RULES

The recent budget proviso language, though limited, introduces two items not reflected in the original budget proviso language or rules:

- Community-based groups can now qualify for more than one grant; and
- Preference is given to organizations affiliated with the Citizens' Scholarship Foundation.

Initially, only new organizations were eligible for grants. It was thought that the grant would inspire groups to organize scholarship fund raising in communities where it had not previously occurred. The additional funds received in recent years have made it possible to consider what would further inspire, promote and eventually stabilize these efforts for the future.

This has resulted in proposed rules that outline the three priorities for awarding the grants:

- First priority goes to organizations that have not previously received the matching grant funding.
- Second priority goes to organizations that previously may have received a matching grant
 and in the new year of application raise new dollars to place those dollars and the
 matching grant into a endowment that would generate a self-sustaining source of income
 for future scholarships.
- Third priority goes to organizations that have previously received the matching grant, and in the new year of application, again will raise new money to award additional scholarships to community members.

The statute gives preference to groups affiliated with citizens' scholarship foundations. This foundation, Citizen Scholarship Foundation of America (CSFA), is a national non-profit entity that operates a number of educationally related programs. One of them is "Dollars for Scholars," a national network of community-based, volunteer-operated scholarship foundations in cities, towns, and neighborhoods across the country. Community-based organization that choose to affiliate with the foundation pay a modest fee get help in securing 501©3 status, materials to help groups organize their board structure, and ideas on conducting fund-raising events.

Other revisions to the rules are largely administrative. Revisions would update definitions, drop an outdated reference to the program as a "demonstration project", and clarify reporting requirements.

NEXT STEPS

Following the Board's briefing at the October 29 meeting, the agency will propose rules and invite the public to comment on them in writing or in person at an announced public hearing. The Board will then get the results of the hearing, along with any additional revisions deemed necessary from public comment, as a resolution to the Board for adoption. New rules would become effective 31 days from the date of filing with the Code Reviser.



* \boldsymbol{D} \boldsymbol{R} \boldsymbol{A} \boldsymbol{F} \boldsymbol{T} *

PROPOSED RULE MAKING (RCW 34.05.320)

CR-102 (7/22/01)
Do NOT use for expedited
rule making

Agency: Higher Education Coordin	nating Board		X Original Notice
X Preproposal Statement of Inquiry was file	ed as WSR <u>02-19-089</u> ; or		Supplemental Notice
Expedited Rule Making Proposed notice	ce was filed as WSR;	or	to WSR Continuance of WSR
Proposal is exempt under RCW 34.05.3	10(4).		Gontinuance of WSIX
(a) Title of rule: (Describe Subject) WAC 250-69 Community Scholarship Fo	oundation Demonstration Proj	ect	
Purpose: To amend the rules by detailing prioritie	a for the augusting of the mot	phina arout	
To amend the rules by detailing phomie	s for the awarding of the mate	aning grant	
Other identifying information:			
(b) Statutory authority for adoption:	CW 28B.240 and .370	Statute being im 2001 2nd Sp. S. Budget)	plemented: C 7 S 611 (7) (g) (ESSB 6153-Operating
(c) Summary:			
To officially adopt current administrative	e procedures resulting from a	significantly increased	appropriation.
Reasons supporting proposal:			
Program exists through a very limited by administers the program.	udget proviso. The amended	rules provide a public r	ecord of how the Board currently
(d) Name of Agency Personnel Responsible	for: Office Location	า	Telephone
1. Drafting Betty Gebhardt		Way, Olympia, WA 985	
2. Implementation Betty Gebhardt		Way, Olympia, WA 98	
3. Enforcement Betty Gebhardt (e) Name of proponent (person or organizat)		Way, Olympia, WA 985	
Higher Education Coordinating Board	ion).		∐ Private Public X Governmental
(f) Agency comments or recommendations, None	if any, as to statutory langua	ge, implementation, enf	
(g) Is rule necessary because of:			
Federal Law? Ye	_:	s, ATTACH COPY OF	ΓΕΧΤ
Federal Court Decision?		tion:	
(h) HEARING LOCATION:	es x No	Submit written comme	ents to:
(II) HEARING EGGATION.		Betty Gebhardt	ino to.
Higher Education Coordinating Board		Associate Director	
3 rd Floor Conference Room 917 Lakeridge Way		Higher Education Cod P O Box 43430	ordinating Board
Olympia, WA 98504		Olympia WA 98504-	3430
Detail January 7, 2002 Times Com to 12	n.m		Bv: Januarv 7. 2003
Date: January 7, 2003 Time: 9am to 12	<u>piii</u>		ADOPTION: February 4, 2003
Assistance for persons with disabilities: Con Belma Villa by January 2, 2003	tact	CO	DE REVISER USE ONLY
TDD (360) <u>753-7809</u> or (360) <u>753-7800</u>		_	
NAME (TYPE OR PRINT)			
Betty Gebhardt			
SIGNATURE			
OIOIWI OILE			
TITLE	DATE		
Associate Director			

(COMPLETE REVERSE SIDE)

(j) Short explanation of rule, its purpose, and anticipated effects: The amended rules are designed to explain current administrative procedures that have been developed a program advisory group. These revised priorities for awarding the matching grants came about in resincreased appropriation.	
Does proposal change existing rules? X YES \text{NO} NO \text{If yes, describe change}	9 S:
The substantive changes include deleting reference to the program as a demonstration project. The previously awarded organization to qualify for more than one grant, so these rules include there are now three priorities for awarding the matching grants – new organizations that have not previously awarded organizations pledging new fund raising for permanent irrevocable endowment accounts; and previously awarded organizations wishing to give out additional scholarships.	rogram has been in tration" project. The e this change. And, iously received the
(k) Has a small business economic impact statement been prepared under chapter 19.85 RCW?	
☐ Yes. Attach copy of small business economic impact statement. A copy of the statement may be obtained by writing to:	
telephoning: () faxing: ()	
X No. Explain why no statement was prepared	
(I) Does RCW 34.05.328 apply to this rule adoption? ☐ Yes X No Please explain:	

Tuition and Financial Aid Study House Higher Education Committee Rep. Phyllis Gutierrez Kenney, chair

October 2002

Changes in Washington's approach to funding higher education, coupled with the state's budgetary situation, present serious challenges to the state's public colleges, universities, and students.

At a time when citizens and businesses are relying heavily on higher education to support the state's economy through a skilled and educated workforce, we face the prospect of being unable to maintain quality or affordability of our colleges and universities. We need to review the current funding approach for higher education; otherwise, Washington faces another decade of steep tuition increases and few quality enhancements for higher education programs.

With this in mind, the Higher Education Committee of the House of Representatives is conducting a comprehensive review of tuition and financial aid policies and practices in Washington.

The intent of the review is to provide the Legislature and the people of Washington with an accurate analysis of higher education funding and expenditure patterns over time.

In addition, the review provides a comparative analysis with other states and a comprehensive look at funding for financial aid.

WASHINGTON PROMISE SCHOLARSHIP Program Evaluation

October 2002

The Washington Promise Scholarship program provides scholarships to high school seniors who graduate from a Washington public or private high school in the top 15 percent of their class and who have a family income that does not exceed 135 percent of the state's median family income. The scholarship is awarded for the first two years of study at any accredited public two- or four-year institution, independent college/university, or private career college in the state of Washington.

Subject to available funding, the maximum award is equivalent to resident tuition at community & technical colleges.³ When funding is not sufficient to provide the maximum award to all students who qualify, the award amount is reduced, but all eligible students are awarded. In each year since the program's inception, actual awards have been less than the authorized maximum.

Approximately 6,500 students will receive Promise Scholarships of \$948 during the 2002-2003 academic year. Recipients are nearly evenly divided between first- and second-year students.

Now in its fourth year, the Promise Scholarship program was initially authorized through provisions of the 1999-01 and 2001-02 state operating budgets. It was enacted into permanent statute by the 2002 Legislature.

Legislative Charge and Study Overview. The state operating budgets for fiscal year 2002 and fiscal year 2003, call for an evaluation of the impact and effectiveness of the Promise Scholarship program. Findings are to be reported to the Governor and the Legislature by December 1, 2002.

Budget language specifies that the evaluation shall include, but not be limited to:

- (A) An analysis of other financial assistance Promise Scholarship recipients receive through other federal, state, and institutional programs, including grants, work study, tuition waivers, tax credits, and loan programs;
- (B) An analysis of whether the implementation of the Promise Scholarship program has affected student indebtedness; and
- (C) An evaluation of what types of students successfully complete high school but do not attend college because they cannot obtain financial aid or the financial aid is insufficient.

¹ Students may also meet the academic standard if they score at least 1200 on their first Scholastic Assessment Test (SAT) or 27 on the American College Test (ACT) assessment.

² The median family income is adjusted for family size. For the 2002-2003 academic year, 135% of the state's median family income for a family of four is \$85,900.

³ A budget proviso in the FY 2003 state operating budget limits awards to new recipients in the 2002-2003 academic year to \$1,000.

The Higher Education Coordinating Board has completed a preliminary analysis that responds to the specific issues enumerated in the legislation. In addition, the Board's study evaluates the extent to which the current program achieves legislative goals, and it considers whether changes might improve program effectiveness and/or efficiency.

Although the Promise Scholarship program is beginning its fourth year of operation, the evaluation focused on the program's first two years. This limitation resulted from the need for full-year financial aid award information in order to respond to the questions posed in the Legislative directive. While the deadline for this review does not allow an examination of the extent to which recipients completed their academic programs, it provides an opportunity to evaluate the program early in its existence and to recommend changes that would make it more effective and/or more efficient in future years.

Discussion of Findings and Adoption of Report. The Board's financial aid committee has provided direction to the staff regarding the study, and both that committee and the Board's policy committee have had an opportunity to review and discuss the study's major findings.

A stakeholder group, including staff from the governor's office, legislative committees, the Office of the Superintendent of Public Instruction, colleges and universities, and education organizations, was convened at the beginning of the evaluation to discuss study scope. This group will meet again before the end of October to review and discuss preliminary findings.

At the Board's October 29 meeting, staff will present a study overview and preliminary findings for Board discussion. The Higher Education Coordinating Board will be asked to take action on the report at its December 12 meeting, after which the final report will be transmitted to the Governor and the Legislature.

Promise Scholarship Evaluation



The Promise Scholarship Program—

Established to...

... Reward academic merit and help make college more affordable for students from low- and middle-income families...

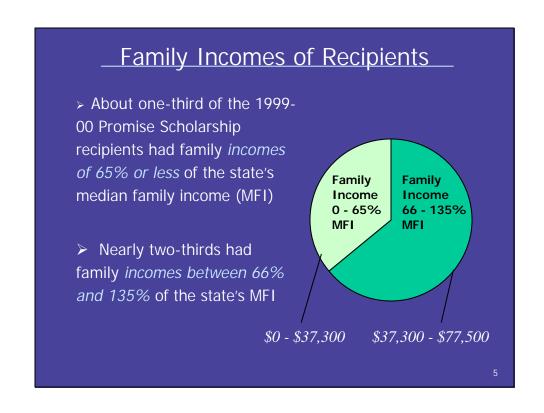
The Promise Scholarship Program

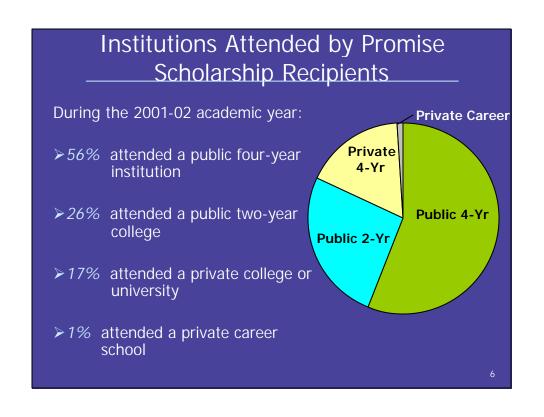
- ➤ It is the state's first large financial aid program that is:
 - > Targeted to academically meritorious high school graduates, and
 - Does not require documentation of financial need

3

Student Eligibility

- > Academic Criteria
 - Top 15% of their graduating class or
 - SAT or ACT
- > Income Criteria
 - Up to 135% median family income FY 2003 = \$85,900 -- Family Size 4
- > College Enrollment
 - Any accredited college/university in Washington





Scholarship Amount

MAXIMUM SCHOLARSHIP

- Enabling legislation
 Value of resident tuition and fees at community/technical colleges
- New awards limited to \$1000

7

-Scholarship Amount-

ACTUAL SCHOLARSHIP

- Determined by number of eligible students and available funds
- Has always been less than the maximum
- Has decreased as percent of maximum in each of past three years

1999-2000 77% 2000-2001 94% 2001-2002 81% 2002-2003 48%

Legislative Study Request

Washington's fiscal year 2002 and 2003
operating budgets direct the Higher
Education Coordinating Board to evaluate
the impact and effectiveness of the Promise
Scholarship program

9

Elements of Legislative Study Request

The Promise Scholarship evaluation is to include, but is not limited to:

- An analysis of all types of financial assistance awarded to Promise Scholarship recipients
- > The impact of the program on student debt
- Whether lack of financial aid prevents potential Scholarship recipients from attending college

HECB Evaluation

- > Responded to Legislative questions
- Evaluated extent to which current design supports achievement of statutory goals
- Considered whether modifications might improve program efficiency and/or effectiveness

11

Study Data

Information for the study came from:

- ➤ Promise Scholarship program records
- Year-end student financial aid unit record report
- ➤ Data provided by OSPI, colleges and universities
- > Surveys of students and high school counselors

Study Period

The majority of the study was of students who received a Promise Scholarship during the 1999-00 and/or the 2000-01 academic years

13

Study Issues

- 1. Affordability
- 2. Academic Eligibility Criteria
- 3. High School Achievement
- 4. College Participation
- 5. Other Issues

Issue 1: Affordability

Study Questions

- ▶ Did the Promise Scholarship replace grants and scholarships students would have otherwise received?
- Did it reduce the amount students had to borrow?
- Did it supplant federal education tax credits?
- ➤ Were "Top 15%" students unable to attend college because they did not qualify for financial aid or because financial aid was insufficient?

15

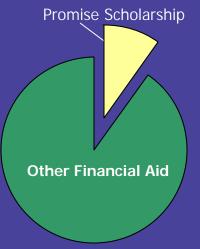
Affordability Promise Recipients and Financial Aid

Approximately 58% of the 2000-2001 Promise Scholarship recipients received need-based student financial aid.



Affordability Promise Recipients and Financial Aid

For financial aid recipients, the Promise Scholarship becomes a part of the student's total financial aid package



17

Affordability Promise Recipients and Financial Aid

Statutory Requirement

...the Promise Scholarship is not to supplant eligibility for other grants, scholarships or tax credits

Affordability Promise Recipients and Financial Aid

Study Questions:

- Did the Promise Scholarship replace other grants and scholarships?
- > Did it reduce loans?

19

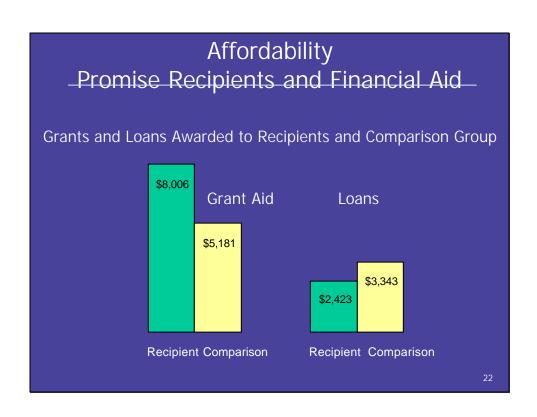
Affordability Promise Recipients and Financial Aid

Characteristic	Promise C Recipients	Group
High school academic performance	✓	
Received financial aid	✓	\checkmark
First or second year student	✓	\checkmark
Dependent on parents	\checkmark	\checkmark
Less than 21 years old	\checkmark	√
Family income up to 135% MFI	\checkmark	\checkmark
Full-time/full-year at same school	\checkmark	\checkmark

Affordability Promise Recipients and Financial Aid

Finding

On average, at all types of institutions, aided Promise Scholarship recipients received more grants and less loans than their peers



Study Question:

Did the Promise Scholarship supplant eligibility for a federal Hope Tax Credit?

2

Affordability Promise Recipients and Hope Tax Credit

Major Provisions: Federal Hope Tax Credit

- Tax credit up to \$1500
- First two years of college
- May be claimed for all dependents who qualify
- Maximum family income \$100,000

- Eligibility for the tax credit varies according to:
 - Income
 - > Tax liability
 - Tuition paid
 - > Total grants and scholarships received

2

Affordability Promise Recipients and Hope Tax Credit

- ... Eligibility for the tax credit was estimated
 - Using actual income, filing status, tax liability, tuition, and grant/scholarship data; and
 - Assuming that all families who qualified would claim the credit
- ...Analysis also calculated the extent to which the Promise Scholarship appeared to reduce or eliminate eligibility for the tax credit

Findings

- ➤ About 54% of the 2000-2001 Promise Scholarship recipients were estimated to qualify for federal Hope Tax Credits totaling about \$2.4 million
- Had they not received the Promise Scholarship, recipients would have qualified for an additional \$1.6 million in tax credits

2

Affordability Promise Recipients and Hope Tax Credit

- Every \$5 the state invested in the Promise Scholarship resulted in \$1 of foregone federal Hope Tax Credits
- ➤ However, recipients experienced a net gain of \$6.3 million because both were available

Except for students attending lowcost institutions, reductions in the Hope Tax Credit were not consistent for any one population group

29

Affordability Promise Recipients and Hope Tax Credit

Changing Promise eligibility limits to capture increased tax credits, or to ensure that students don't receive both Hope and Promise, could make many students ineligible for Promise and might result in students failing to qualify for either benefit

Affordability Lack of Financial Aid

Study Question: Were eligible students unable to attend college because they did not qualify for financial aid or because financial aid was insufficient?

Finding

Lack of financial aid did not appear to prevent Promise-eligible students from attending college

3

Affordability Lack of Financial Aid

- ➤ Only 6% of the students who met academic eligibility criteria for the Promise Scholarship said they did not attend college the year after high school
- About one-half of this group cited lack of money as a reason for not attending

Issue 2: Academic Eligibility Criteria

Study Question: Do current academic eligibility criteria support the goal of rewarding academically successful high school graduates?

33

Academic Eligibility

Finding 1

Using the Top 15% eligibility standard ensures that students at all schools – urban and rural, large and small, public and private – will be considered for the scholarship

Academic Eligibility

Finding 2

Allowing students to meet the academic criteria by achieving high SAT scores provided an alternative used by about 6% of the 2000-01 Promise Scholarship recipients

3

Issue 3: _Impact on High School Achievement_

Study Question: Did the Promise Scholarship program encourage meritorious academic performance in high school?

Findings

Indeterminate. Because the evaluation was based on the program's first two years, its ability to impact high school achievement was limited

Impact on High School Achievement

Finding 1

By the program's second year, 68% of the *recipients* had heard about the Promise Scholarship program before or during their senior year in high school

37

Impact on High School Achievement

Finding 2

71% of the *recipients* said that knowing there was a possibility of receiving a Promise Scholarship caused them to work harder academically in high school

59% of the high school counselors and administrators agreed

Impact on High School Achievement

Finding 3

Although *recipients* said knowing about the program made them work harder, many *counselors* said they did not tell students about the Promise Scholarship program because program continuation and funding were uncertain

39

Issue 4: College Participation

Study Question: What was the impact of the Promise Scholarship program on college participation and performance?

Findings

Students who were in the top 15% cohort attended college at a high rate and Promise Scholarship recipients performed well in college

Issue 4: College Participation

To receive the scholarship, students were required to attend an institution in the state of Washington...

Finding 1: 63% of the recipients said receiving the Promise Scholarship influenced their decision to attend in-state

41

Issue 4: College Participation

Finding 2

Promise Scholarship recipients performed well in college

92% attended full-time

90% had a 2.5 or higher GPA at the end of their first year in college

94% returned the second year

5: Other Issues

Income Cut-Off

Study Question: Should the Promise Scholarship program have a different income cut-off? If so, should it be higher than 135% of the state's median family income?

Findings

➤ The current income cut-off focuses the program on students from low- and middle-income families

43

Other Issues

...Income Cut-off

- An income cut-off safeguards against the negative consequences experienced in other states where there is no income limit
 - > High cost
 - Often funded at expense of need-based financial aid

Other Issues

Use of WASL as Academic Standard

Study Question: Should the 10th Grade WASL be used as the academic eligibility criteria ...

... in lieu of the Top 15%?

... in addition to the Top 15%?

... as another option for eligibility?

NOTE: Estimates are based on 1999 10th grade WASL. As the passing rate improves, so will the number of students who would qualify for Promise Scholarship

45

Other Issues

Use of WASL as Academic Standard

WASL in lieu of Top 15%

➤ Finding: Use of the 10th grade WASL as the academic eligibility criterion for the high school class of 2001 would have significantly increased the number of eligible students and altered geographic and school district distribution of recipients

Other Issues

WASL in lieu of Top 15%

- > 1,350 more recipients (45% increase)
- > Redistribution in % of recipients by county
- Redistribution by school districtSchools within counties are affected differently

47

Other Issues

Both WASL and Top 15%

Finding: Requiring students to be in the Top 15% and pass the 10th grade WASL would have reduced the number of 2001-2002 recipients by approximately 1,400

Other Issues

WASL OR Top 15%

➤ Finding: Allowing students to meet academic criteria by passing the 10th grade WASL *or* by being in the Top 15% of their graduating class would have nearly doubled the number of recipients

49

Preliminary Conclusions

- > The Promise Scholarship program is effectively responding to statutory goals
- > It should be continued with essentially the same criteria
- ➤ The program must be predictable and stable if it is to influence not just reward student behavior

Preliminary Conclusions

- Funding should support scholarships that are equivalent to full-time community college tuition
- ▶ Use of the WASL as the academic criterion for the Promise Scholarship should be studied further, but the WASL should not replace the Top 15% as the academic eligibility standard

5

Preliminary Conclusions

Consideration of expanding eligibility to many more students or extending the program to four years should be deferred until the state's budget situation improves so that such changes would not adversely impact other need-based student financial aid programs or further reduce the average scholarship award amount

Preliminary Conclusions

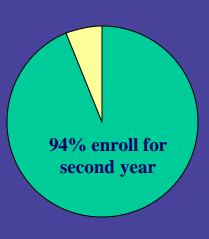
The Promise Scholarship program should be evaluated again after two or three groups of recipients have had time to graduate with a four-year degree

53



The Promise Scholarship is awarded for two years

94% of Promise Scholarship recipients enroll for a second year of study



55

Affordability Promise Recipients and Hope Tax Credit

Very few low income Promise recipients qualify for a tax credit because they have low/no tax liability and because they tend to qualify for need-based grants

- Students with incomes of 65% or more of the state's median family income tended to qualify for:
 - ➤ A full tax credit at public research and private four-year universities;
 - ➤ A smaller tax credit at public comprehensive universities; and
 - > A minimal tax credit at community colleges

5

Affordability -Promise Recipients and Hope Tax Credit

Highest income Promise Scholarship recipients at higher cost institutions were most likely to qualify for a full tax credit

Other Issues

Scholarship Amount

Study Question: Should the maximum value of the scholarship be increased?

Findings

- A much larger scholarship would supplant tax credits for many more students
- ➤ However, for the scholarship to influence student behavior, the award amount must be significant and it must be predictable

59

Other Issues

Four-Year Scholarship

Study Question: Should the Promise Scholarship be awarded for four years?

Finding

Extending the Promise Scholarship to four years of eligibility would be advantageous for recipients who pursue baccalaureate degrees. However it would be expensive.

OVERVIEW OF POLICIES AND PRACTICES STUDENT RESIDENCY STATUS

October 2002

A high demand for college enrollment, coupled with reduced state funding, has brought attention to the issue of student residency as it is defined for the purpose of differential tuition rates. This paper provides background information on residency policy as follows:

- Summary of current Washington State policy
- Examples of policy in other states
- Enrollment trends in Washington
- Issues to consider in making a change to policy

CURRENT WASHINGTON STATE POLICY

State law directs public colleges and universities to apply uniform rules when making decisions on a student's resident/nonresident classification for tuition purposes (see RCW 28B.15.011 through 28B.15.014). These statutes include a provision that the Higher Education Coordinating Board (HECB) shall adopt rules and regulations for institutions to use when making determinations (WAC 250-18-010 through 250-18-060).

Following are the general criteria and steps that institutions use to determine residency or nonresidency for tuition purposes. For most students, classification depends to a large extent on where the student (or his/her parent or guardian) has been living, and for how long. State law uses the concept of "domicile" – meaning a person's true, fixed and permanent home and place of habitation. In most cases, classification as a Washington resident for tuition purposes requires a documented domicile in this state for at least one year. If the student is dependent, the relevant domicile is that of his/her parent or guardian. If the student is independent, the relevant domicile is that of the student.

Determination of "Dependent" or "Independent" Status

The first criterion for tuition classification concerns determination of the student's financial status. Is the student financially dependent on his/her parent or guardian, or is the student financially independent?

<u>Financially dependent:</u> If the student is financially dependent, institutions of higher education use the domicile of the parent or guardian. Institutions are to consider the following as proof of dependency:

• Identification as a dependent on the federal income tax of the parent, legally appointed guardian or person having legal custody.

- Proof of a student's financial dependency for the current calendar year or the calendar year immediately prior to the year in which application is made (or documentation may be required later if the institution needs it).
- Legal proof of guardianship or custody.
- Evidence of established domicile of parent, guardian, or custodian.
- If a student is dependent and the parent or guardian has maintained a one-year domicile, the student him/herself is not required to establish a one-year domicile. The student may not be a resident if he/she is receiving financial assistance from another state governmental unit or agency for educational purposes.

Financially independent: If the student is financially independent, institutions of higher education use the student's domicile. According to the HECB rules, "A person is financially independent if he or she has not been and will not be claimed as an exemption and has not received and will not receive financial assistance in cash or in kind of an amount equal to or greater than that which would qualify him or her to be claimed as an exemption for federal income tax purposes by any person except his or her spouse for the current calendar year and for the calendar year immediately prior to the year in which the application is made." The intent of this statement is that independent students need their own resources for financial support.

Higher education institutions may require documentation of financial independence, including but not limited to the following:

- The individual's sworn statement.
- A true copy of the first page of the federal income tax return for the prior calendar year in which an enrollment application is made. Or, if the student did not file an income tax return, documented information concerning the receipt of nontaxable income.
- A copy of the previous calendar year's W-2 form.
- Documentation of financial resources. Resources may include sale of personal or real property, inheritance, trust fund, state or financial assistance, gifts, loans, or statement of earnings of a spouse.
- A true copy of the relevant pages of the tax return of the parent, legally appointed guardian, or person(s) having legal custody of the student for the calendar year prior to application. (The intent is to establish that the individual was not claimed as a deduction on his/her parent's or guardian's tax return.)
- If documentation (as described above) is not available due to total separation or other reasons, a responsible third party (family physician, lawyer, social worker) may submit documentation.
- Information submitted by the student on the Washington financial aid form may be used to affirm authenticity of information.
- The burden of proof of financial independency lies with the student.

Determination of Domicile

A "domicile" as defined in the rules is "a person's true, fixed, and permanent home and place of habitation. It is the place where he or she intends to remain, and to which he or she expects to return when he or she leaves without intending to establish a new domicile elsewhere." The statutes and rules provide a number of factors that institutions of higher education can use to determine the location of a student's domicile, or the domicile of the parent/guardian. The rules note that the establishment of a domicile is not determined by a single factor or by a predetermined number of factors. For resident tuition status to be conferred, institutions of higher education need evidence of a domicile in Washington – enough evidence to reasonably negate the existence of a domicile in any other state.

State law specifies that if a dependent student is classified as a resident, "one or both of the student's parents or legal guardians" must have maintained a domicile in Washington for at least one year.

Among the factors to be considered when determining whether a bona fide Washington domicile has been established are the following, all of which must indicate that the activity occurred in Washington at least one year prior to the semester or quarter for which application is made, and that the status has been maintained:

- Registration or payment of taxes on a motor vehicle, mobile home, travel trailer, boat, or other property for which state registration or payment of a state tax is required.
- Valid Washington driver's license.
- Permanent full-time employment in Washington.
- Address and other pertinent facts listed on a true and correct copy of income tax forms.
- Voter registration.
- Purchase of primary residence, lease agreement, or monthly rental receipts.
- Residence status if the student attended institutions outside Washington. (The intent is to determine that the student was not classified as a resident in another state.)
- Location of checking account, savings account, and/or safety deposit box.
- Supporting documentation may include address on selective service registration, or location of membership in professional, business, civic or other organizations.

<u>Special considerations for those enrolled for six or more credits:</u> A nonresident student enrolled for six or more credits is presumed to be in the state primarily for educational purposes, and cannot use this time to establish a bona fide domicile in Washington – unless the student proves that he/she has, in fact, established a bona fide domicile. In other words, students enrolled for six or more credits must *overcome the presumption* that they are here primarily to attend college.

Classification as Resident or Nonresident for Tuition Purposes

In general, a classification of "resident" for tuition purposes is possible if it is determined that:

- the location of the relevant domicile is in Washington,
- the domicile has been maintained for at least one year, and
- the student is in Washington for purposes other than primarily education.

A classification of "nonresident" for tuition purposes occurs if the student does not qualify as a resident. A "nonresident" classification shall include:

- A student who is financially dependent for the current or prior year and who does not have a parent or legally appointed guardian who has maintained a bona fide domicile in the state of Washington for one year.
- Attends an institution with financial assistance provided by another state or governmental unit or agency for direct or indirect educational purposes (but does not include retirements, pensions, or other non-educational related income).
- Is not a citizen of the United States of America, unless such person holds permanent or temporary resident immigration status, "refugee-parolee," or "conditional entrant" status, or is in the United States under color of law. In these cases, the person must meet all applicable requirements for residency/domicile as defined in the statues and rules.

<u>Change of tuition classification:</u> After a student has registered at an institution, the classification remains unchanged in the absence of satisfactory evidence to the contrary. If a student wishes to change his/her tuition classification from nonresident to resident, the institution must determine that the requirements of the statutes and rules have been fulfilled, including domicile in Washington (for at least one year), as well as evidence of appropriate dependency or independency. The burden of proof lies with the student.

Timelines: Applications for a change in classification can be accepted up to the 30th calendar day following the first day of instruction in that quarter or semester. Beyond that date, applications will be considered for the following quarter or semester.

<u>Temporary absence from the state:</u> Domicile in Washington is not lost by reason of residency in another state or country while a member of civil or military service if the person returns to Washington within one year of discharge with the intent to be domiciled in Washington.

Any resident dependent student who remains in the state – when such student's parents or guardians have left after having been domiciled at least one year in this state – may retain his/her resident status while continuously enrolled.

Additional categories of "resident" for tuition purposes: Most students are classified as resident or nonresident based on requirements described above. However, state law also designates several other categories as "resident" for tuition purposes. These include:

- Students who have spent at least 75 percent of both their junior and senior years in high school in Washington, whose parents or legal guardians have been domiciled in the state for a period of at least one year within the five-year period before the students graduate from high school and who enroll in a public institution of higher education within six months of leaving high school, for as long as the student remains continuously enrolled for three quarters or two semesters in any calendar year.
- A student on active duty military stationed in Washington, or a student who is a member of the Washington National Guard.
- The spouse or dependent of a person who is on active military duty stationed in Washington.
- A student who resides in Washington who is the spouse or dependent of a member of the Washington National Guard.
- A student from out-of-state who attends a Washington institution under a home tuition agreement (i.e., participants in student exchange programs).
- A student who is an American Indian and a member of a designated tribe as listed in statute, and who has been domiciled in Washington, Idaho, Oregon, and/or Montana for a year.
- The Border County Pilot Project defines residents from specific counties in Oregon to be Washington residents for tuition purposes if they attend community colleges in several specified counties in Washington, or if they attend Washington State University/ Vancouver or Washington State University/Tri-Cities for eight credits or fewer. The state statute authorizing this pilot project expires June 30, 2004.

Exemptions and Waivers

State statutes allow several exemptions and waivers from the payment of all or a portion of nonresident tuition, as follows:¹

- Students who hold graduate service appointments or are employed in support of the instructional or research programs of an academic department involving 20 hours or more per week.
- Faculty members, classified staff members, or administratively exempt employees holding not less than half-time appointments, their spouses and dependent children.
- Immigrant refugees and their spouses and dependent children if the refugee is on parole status, or has received an immigrant visa, or has applied for U.S. citizenship.
- Students who qualify under foreign student exchange programs.
- Any dependent of a member of the U.S. Congress representing the state of Washington.

¹ See RCW 28B.15.

- Students eligible under the Western Interstate Commission for Higher Education program (WICHE).
- Students eligible under reciprocity agreements with British Columbia, Idaho, and Oregon.
- University of Washington medical/dental students who participate in the Washington, Alaska, Montana, Idaho or Wyoming program at Washington State University.
- The "West" waiver (RCW 28B.15.915), introduced in 2000, allows institutions to waive all or a portion of the operating fees for any student.

Decision-Making for Tuition Classifications

For the purposes of making decisions on the status of individual students, institutional boards of trustees or regents designate an institutional official to be responsible for these decisions, and for keeping appropriate records. State law directs institutions to apply uniform rules that are prescribed in statute and incorporated in the rules and regulations of the Higher Education Coordinating Board.

The Higher Education Coordinating Board rules provide that contested cases are subject to court review.

EXAMPLES OF RESIDENCY POLICY IN OTHER STATES²

Residence Period

The majority of states follow policies substantively similar to Washington's, with a one-year residence period required, supported by documents such as tax returns, driver's license, registration to vote, etc. States that vary from the one-year residency period include:

- Utah: a 24-month period of residency is required.
- State Universities of New York (SUNY): No residency period required, but must prove intent of domicile.
- Tennessee: No residency period required, but must prove intent of domicile.
- Illinois: Residency periods vary; 6 months at most institutions.

Exemptions and Waivers

Different states use a wide variety of specific exemptions and waivers too numerous to describe in detail. For example, many states, like Washington, allow graduate assistants exemptions or

² Information on other state policies was obtained from a variety of sources:

The College Board, Guide to State Residency Requirements, Policy and Practice at U.S. Public Colleges and Universities.

Telephone interviews with residency officers at selected institutions, October 2002.

Education Commission of the States, Review of Recent Legislation, policies enacted since 1999.

E-mail survey of State Higher Education Executive Officers, October 2002.

waivers of nonresident tuition (e.g., Iowa and Michigan). Some states specifically allow those transferred to the state for employment purposes exemption from nonresident tuition (e.g., Arizona and Ohio). Others exempt spouses of residents from nonresident tuition (e.g., Connecticut and Hawaii), or provide exemption for dependent children of alumni (e.g., Alaska).

Overcoming Presumption of Residence for Educational Purposes

In Washington, if a student takes more than six credits per quarter, the student must overcome the presumption that he/she is here primarily to acquire an education to acquire resident status. Overcoming this presumption requires the documentation described at the beginning of this paper for proving evidence of domicile. Permanent full-time employment in Washington is listed among the factors to be considered in determining domicile.

In contrast, Texas requires a student who has been enrolled as a nonresident to withdraw from school and be gainfully employed in the state for 12 months before reclassification.

In Utah, a student who has enrolled in higher education cannot overcome the presumption of residence for educational purposes. Instead, once enrolled as a nonresident, he/she must earn 60 semester credits (equivalent to 90 quarter credits) before resident status will be granted.

Enrollment Caps

No statute currently exists in Washington to limit the proportion of nonresident students to resident students. The Pennsylvania State System of Higher Education has a policy that caps domestic nonresident undergraduate enrollment at no greater than 10 percent system-wide. An informal survey of other institutions is now in progress to determine whether any other states restrict nonresident populations.

ENROLLMENT TRENDS IN WASHINGTON³

Undergraduate Students at Public Four-Year Institutions

The fall 2001 population of undergraduate students enrolled at four-year public institutions in Washington was as follows: 89.4 percent residents, 8.2 percent out-of-state nonresidents, and 2.4 percent foreign nonresidents.

Resident: Domiciled in the state of Washington according to RCW 28B.15.012.

Nonresident: Not domiciled in the state of Washington according to RCW 28B.15.012.

Foreign: Nonresident student attending the institution on an F-1 visa, or Canadians with border crossing privileges. Domestic: All other nonresident students.

³ All figures cited were obtained from state enrollment data, using fall quarter headcounts under the following definitions. These definitions do NOT necessarily correspond with the type of tuition a student pays, due to a variety of exemptions and waivers.

Since 1996, the percentage of undergraduates classified as out-of-state nonresidents at the public four-year institutions increased by 1.35 percent. The number of foreign undergraduates decreased overall by 0.29 percent at the public four-year institutions.

Undergraduate Students at Community and Technical Colleges

The fall 2001 population of undergraduate students enrolled at community and technical colleges was as follows: 96.2 percent residents, 3.7 percent out-of-state nonresidents, and 0.1 percent foreign nonresidents.

The percentage of undergraduates classified as out-of-state decreased by 1.69 percent in the community and technical college system since 1996. Foreign student undergraduate enrollment decreased at the community and technical colleges by 0.11 percent.

Graduate and Professional Students at Public Four-Year Institutions

The graduate and professional student population at public four-year colleges in fall 2001 was composed of 68.6 percent residents, 17.2 percent out-of-state nonresidents, and 14.2 percent foreign nonresidents.

For graduate and professional students, enrollment trends since 1996 show an overall decrease for out-of-state students (2.52 percent), and an overall increase of students classified as foreign nonresidents (2.31 percent).

ISSUES TO CONSIDER

Impact on State Revenue

The differences between current undergraduate nonresident and resident statutory tuition rates, per academic year, are as follows:

Institution	Nonresident Undergraduate Tuition	Resident Undergraduate Tuition	\$ Difference
Central	\$11,412	\$3,423	\$ 7,989
Eastern	\$11,634	\$3,357	\$ 8,277
Evergreen	\$12,264	\$3,440	\$ 8,824
UW	\$15,156	\$4,455	\$10,701
Western	\$11,607	\$3,408	\$ 8,199
WSU	\$12,270	\$4,520	\$ 7,750
Community/Technical	\$ 7,191	\$1,983	\$ 5,208

Source: 2002-03 Statutory Tuition Rates, HECB Tuition and Fees.

The difference between resident and nonresident tuition rates can provide a very rough estimate of revenue that might be expected by a change in residency policy – but projecting the impact of a stricter policy with any degree of precision requires a more detailed analysis of changes in residency by academic term at the different institutions. Waivers and exemptions also have a significant effect on tuition revenue.

State Financial Aid

Eligibility for state financial aid is conditional upon resident status as defined for the purposes of tuition. Any change in residency requirements would therefore affect eligibility for state aid.

Timing

If changes to statutes were passed in the next legislative session, they would apply to the 2003 incoming class of fall freshmen. Students attending under current rules, as well as students who have not enrolled by fall 2003 but have made decisions to attend based on current residency rules (such as athletes), should be considered.

Community Colleges

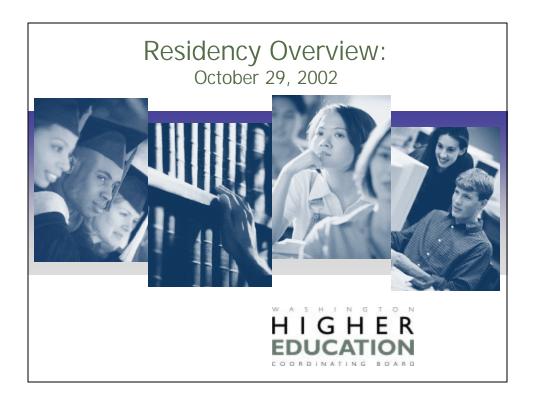
House Bill 2377, presented to the Legislature in 1998, requested that the residency period for students attending Clark College be changed to 90 days. The bill was not passed, but it raises the question of how a stricter residency policy might affect community colleges. Some states have differential residency requirements for different colleges (e.g., Illinois), but different requirements at different schools could lead to confusion for students.

Impact On State Economy

Would business enterprises be less likely to locate in Washington given a stricter residency policy? Even businesses that are currently located in the state might react negatively to a change in policy if they import a large number of employees from out-of-state. A waiver or exemption might need to be written to protect those moving here for employment purposes, as is done in Arizona and Ohio, among others.

SUMMARY

Residency policy is extremely complex. While tightening residency policies might result in increased revenue, other unwanted effects (such as impacts on eligibility for financial aid) may occur. This paper has outlined the major issues involved in considering a change to policy, but participation and feedback from the institutions will be a crucial element in this discussion, as institution staff have day-to-day experience in interpreting the current rules.



Presentation Goal/Overview

- Background information on residency
- Current Washington state policy
- Examples of policy in other states
- Fall 2001 enrollment
- Issues connected to residency policy

Washington State Law

- Public colleges are directed to apply uniform rules when making decisions on a student's resident/nonresident classification for tuition purposes (RCW 28B.15.011 through 28B.15.014)
- The HECB establishes necessary regulations for the administration of residency status in higher education. (WAC 250-18-010 through 250-18-060)

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Current Residency Policy in Washington: The Basics

- 1. Establish whether student is financially dependent or independent
 - -Dependent students use domicile of one or both parents or legal guardian
 - -If independent, domicile of student used
- 2. Determine bona fide domicile of one year
- 3. Some students classified as non-residents may be eligible for exemptions or waivers under certain statutes (RCW 28.B.15)

Current Policy in Washington: Financial Independence

• A student is financially independent if:

He/she has not been claimed as exemption and has not received financial assistance equal to or greater than amount qualifying for exemption for the current calendar year and calendar year immediately prior to application

 Documentation of independence includes but is not limited to:

Sworn statement, tax returns, W-2 form, other documented financial resources

(Source: WAC 250-18-035)

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Current Policy in Washington: Financial Dependence

- The following factors are considered evidence of financial dependence:
 - -Legal proof of guardianship or custody
 - -Evidence of established domicile of parent, guardian or custodian
 - -Identification as dependent on tax returns
 - -Proof of financial dependency for current calendar year or calendar year immediately prior to application

(Source: WAC 250-18-040)

Current Policy in Washington: Evidence of Domicile

- "A person's true, fixed and permanent home and place of habitation. It is the place where he or she intends to remain..." Source: WAC 250-18-015
- Domicile must be established one year prior to beginning of term and be established for a purpose other than education if the student is enrolled for 6 credits or more.
- Factors considered:
 - Registration/payment of taxes or fees on personal property
 - Valid Washington state driver's license
 - Permanent full-time employment
 - Address on tax returns
 - Voter registration
 - Purchase of residence, rent receipts
 - Residence status at out-of-state schools
 - Location of bank accounts

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Current Policy in Washington: Waivers and Exemptions:

(A few examples)

- Students with graduate service appointments or who are employed in support of instruction/research in academic dept. at least 20 hours/week
- Faculty, classified/exempt staff employed at least halftime, their spouses & dependent children
- "West" waiver (RCW 28B.15.915) allows institutions to waive all or a portion of the operating fees for any student

Policy in Other States: One Year Residence Period

- Most states, like Washington, require one year. Some exceptions include:
 - Utah: a new law passed in May 2002 requires two years of residence in state as a non-student to qualify for resident tuition rates
 - State Universities of New York: No time period specified for residence, but must prove intent of domicile
 - Illinois: Residence periods vary but are set at six months at most institutions

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Policy in Other States: Waivers and Exemptions

- Many states, like Washington, offer waivers/exemptions for graduate assistants, faculty & staff. A few examples of other types of waivers/exemptions include:
 - Transfers to the state for employment purposes (e.g. Arizona, Ohio)
 - Spouses of residents (e.g. Connecticut, Hawaii)
 - Dependent children of alumni (e.g. Alaska)

Policy in Other States: Overcoming Presumption of Domicile for Educational Purposes

- In Washington, overcoming this presumption requires proof that domicile has been established for noneducational purposes. Examples of other state policies include:
 - Texas: Once enrolled as a non-resident, a student must withdraw from school and be gainfully employed in state for 12 months before reclassification as a resident.
 - Utah: Once enrolled as a non-resident, a student must earn 60 nonresident semester credits (about two years) to qualify for resident tuition rates

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Policy in Other States: Enrollment Caps

- Washington and most other states do not cap outof-state enrollment. Some exceptions include:
 - Pennsylvania: Caps out-of-state undergraduate nonresident population at 10% system-wide
 - Florida: Past policy of Board of Regents limited non-resident enrollment to no more than 10% system-wide.

Washington Enrollment Trends: Fall 2001, Public Institutions

Undergraduates, out of state

4-year colleges: 8.2% 2-year colleges: 3.7%

Undergraduates, foreign countries

4-year colleges: 2.4% 2-year colleges: 0.1%

■ Grad/Professional, out of state: 17.2%

• Grad/Professional, foreign countries: 14.2%

Source: OFM HEER Data. Reflects enrollment – not necessarily type of tuition paid

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Related Issues

Tuition Revenue

Increase? Depends on variety of factors

State Financial Aid

Eligibility based on residency

Timing

Effect on students attending/considering attendance

Uniformity

Different institutions (e.g. community colleges) may request different residency rules

State Economy

Possible negative effect if policy is strict

UPDATE ON FALL 2002 ENROLLMENTS

October 2002

BACKGROUND

- The Office of Financial Management (OFM) collects data from the institutions, converts it from fall actual tenth-day enrollments to projected annual averages, and compares these annual averages to the budgeted levels.
- Currently, OFM has reported preliminary fall 2002 headcount and FTEs for the fouryears schools only, but has not converted these numbers to annual averages for comparison to budgeted levels.
- We can get an indication of trends in the four-year schools, with more detailed reporting from OFM to come later.

2001-02 EXPERIENCE

In total, the four-year institutions enrolled 3,446 FTE students more than the budgeted level, and the two-year institutions enrolled 8,880 above the budgeted level—for a total of 12,326 above the total budgeted level.

	Budget Level <u>2001-02</u>	Actual Level <u>2001-02</u>	2001-02 Over- <u>Enrollment</u>	Budget Level <u>2002-03</u>
UW	34,820	36,647	1,827	35,146
Seattle	32,321	33,863	1,542	32,427
Bothell	1,169	1,228	59	1,235
Tacoma	1,330	1,556	226	1,484
WSU	19,570	19,955	385	19,694
Pullman	17,332	17,607	275	17,332
Spokane	551	567	16	593
Tri-Cities	616	631	15	616
Vancouver	1,071	1,150	79	1,153
CWU	7,470	7,672	202	7,470
EWU	7,933	8,421	488	8,017
TESC	3,754	4,009	255	3,837
WWU	10,976	11,265	<u>289</u>	<u>11,126</u>
Subtotal (Four-Year)	84,523	87,969	3,446	85,290
SBCTC	125,082	133,962	8,880	<u>128,222</u>
Total	209,605	221,931	12,326	213,512

2002-03 EXPECTATIONS

- The 2002-03 budget provides 85,290 FTE enrollments to the four-year institutions, which is less than the actual enrollment of 87,969 for 2001-02.
- The 2002-03 budget provides 128,222 FTE enrollments to the two-year institutions, which is less than the actual enrollment of 133,962 for 2001-02.

2002-03 EXPERIENCE TO DATE

- The proportion of students who have registered for classes seems to have increased so that fall 2002 actual enrollment has set a record.
- Actual fall 2002 FTE enrollment in the four-year institutions is 1,613 higher than fall 2001. If historical levels of student withdrawal and new enrollments occur throughout the remainder of 2002-03, the four-year institutions could end 2002-03 with over-enrollment even higher than 2001-02.
- While OFM projections of annual average FTEs are not yet available, a comparison of fall 2001 to fall 2002 enrollments is informative:

<u>Fall 2001</u>	Fall 2002	Difference
38,190	38,484	294
35,362	35,484	122
1,276	1,295	19
1,552	1,705	153
20,619	20,992	373
18,163	18,383	220
618	682	64
646	652	6
1,192	1,275	83
7,980	8,344	364
8,755	9,093	338
4,151	4,272	121
<u>11,744</u>	<u>11,867</u>	123
91,439	93,052	1,613
	38,190 35,362 1,276 1,552 20,619 18,163 618 646 1,192 7,980 8,755 4,151 11,744	38,190 38,484 35,362 35,484 1,276 1,295 1,552 1,705 20,619 20,992 18,163 18,383 618 682 646 652 1,192 1,275 7,980 8,344 8,755 9,093 4,151 4,272 11,744 11,867

• Enrollment reports for the two-year colleges will be available at a later date.